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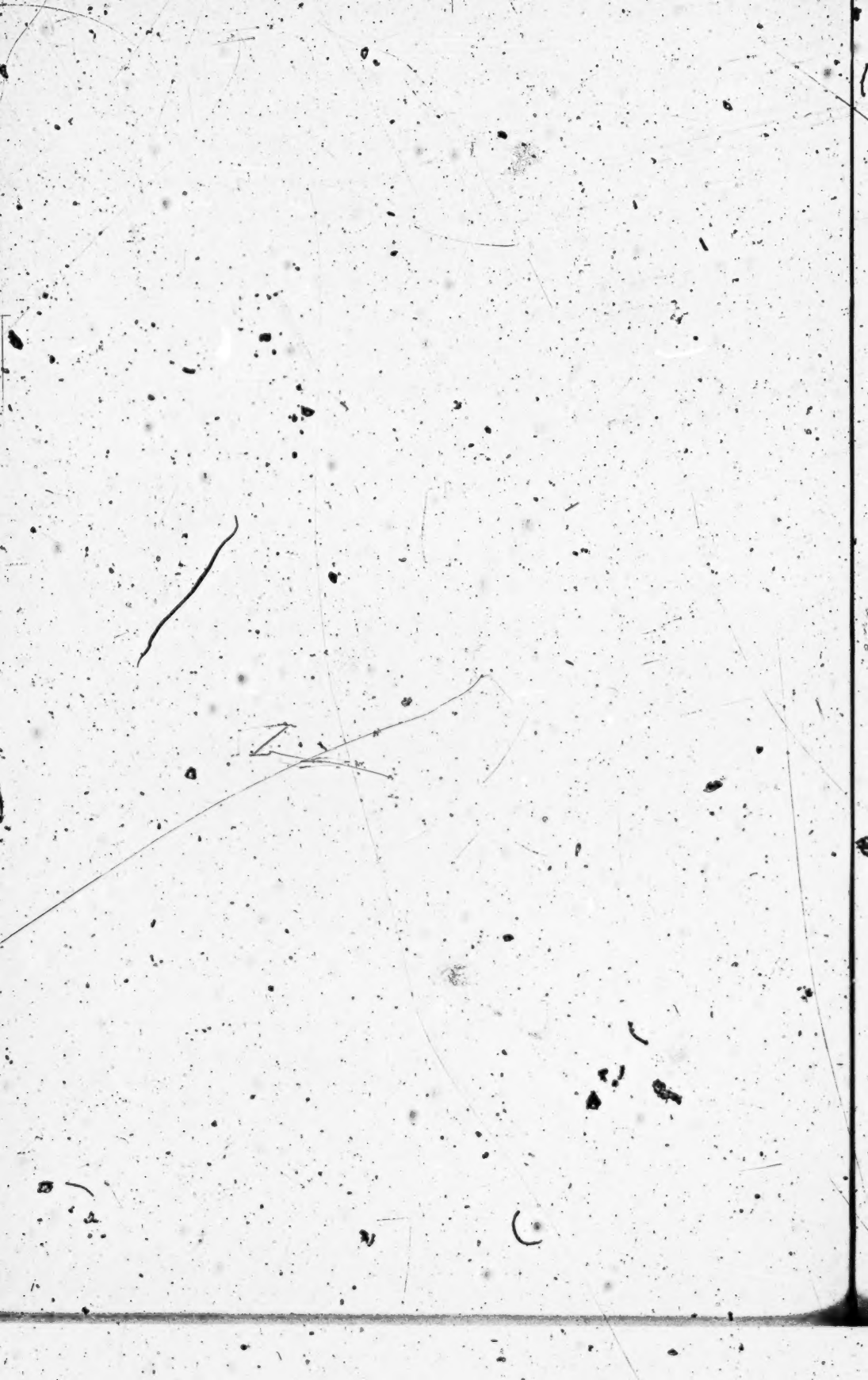

IN THE

Supreme Court of the United States

OCTOBER TERM, 1933.

Keystone Driller Company, Petitioner,
vs.
General Excavator Company, Respondent. } No. 34.

Keystone Driller Company, Petitioner,
vs.
General Excavator Company, Respondent. } No. 35.

Keystone Driller Company, Petitioner,
vs.
The Osgood Company, Respondent. } No. 36.

Keystone Driller Company, Petitioner,
vs.
The Osgood Company, Respondent. } No. 37.

BRIEF FOR RESPONDENTS.

STATEMENT OF FACTS.

The Petitioner, Keystone Driller Company, a corporation of Pennsylvania, located at Beaver Falls, Pennsyl-

vania, filed the present suits on February 9, 1929, in the Northern District of Ohio, Western Division at Toledo, Ohio. The suits were filed against The General Excavator Company, and The Osgood Company, both corporations of Ohio, located at Marion, Ohio.

The suits as originally filed alleged infringement by the Respondents of the following patents:

LeRoy P. Clutter Patent, No. 1,317,431, issued Sept. 30, 1919;

Robert Rex Downie Patent, No. 1,511,114, issued Oct. 7, 1924;

Robert Rex Downie Patent, No. 1,543,250, issued June 23, 1925;

Six months later, by supplemental bill of complaint filed against each of the Respondents, the following additional patents were also claimed to be infringed by Respondents: (R. V. I., pp. 44 and 139)

Robert Rex Downie Patent, No. 1,709,466, issued Apr. 16, 1929;

Robert Rex Downie Patent, No. 1,716,432, issued June 11, 1929.

The patents relate generally to excavating machinery of the power shovel type, or parts thereof.

Prior to the institution of these suits the Petitioner had filed a suit on December 22, 1926, against The Byers Machine Company and Byers Machine Company in the Northern District of Ohio, Eastern Division, at Cleveland, Ohio. That suit involved three of the patents which are involved in these present suits. The patents

Note: Emphasis throughout ours unless otherwise indicated.

involved here which were also in the Byers' suit are as follows:

LeRoy P. Clutter Patent, No. 1,317,431, issued Sept. 30, 1919;

The Downie Patent, No. 1,511,114, issued Oct. 7, 1924; and

Downie Patent, No. 1,543,250, issued June 23, 1925.

The Cleveland suit also involved a patent to Wagner, No. 1,476,121, issued December 4, 1922, which is not involved in these present suits.

The Cleveland case against The Byers Machine Company was tried and submitted to Judge Westenhaven in September, 1927. Judge Westenhaven died, however, before any decision was made by him in that case. By stipulation the case was submitted without retrial to Judge Paul Jones, who rendered an Opinion which was filed on January 23, 1929, holding the patents valid and infringed as to the claims relied upon in that suit.

After the District Court rendered its Opinion in the Cleveland case against The Byers Machine Company, the Petitioner herein, on Feb. 9, 1929, filed these present suits against Respondents, and at the same time filed a motion for preliminary injunction against each of the Respondents. The motion for preliminary injunction relied upon the decision of the District Court in the Cleveland case as an "adjudication" of the patents sued upon in these present suits.

The motions for preliminary injunction were pressed against these Respondents, but the District Judge at Toledo, upon a showing of new evidence in these cases,

refused to grant a preliminary injunction. However, the District Judge made his refusal of the preliminary injunction conditional upon the requirement that these Respondents furnish bonds to protect the Petitioner against any damages or profits which might be found in case it should be determined at the final hearing that the Petitioner was entitled to injunctions. Bonds were furnished by the Respondents so that preliminary injunctions were never issued.

In the meantime, however, while these suits were pending and before trial herein, the Circuit Court of Appeals handed down a decision affirming the decree of the District Court in the Byers' suit at Cleveland, Ohio (44 F. [2nd] 283.) The affirmance of the decision of the District Court in the Cleveland suit against Byers Machine Company greatly increased the burden of the Respondents in the present suits, in showing invalidity and non-infringement of the patents sued upon.

These present cases were consolidated by stipulation for the purposes of trial. Trial commenced on March 3, 1931, and was concluded on May 12, 1931.

On June 22, 1931, the District Court filed a "Memorandum Opinion." The Opinion of the Court clearly indicated that while it found Clutter Patent, No. 1,317,431, and Downie Patent, No. 1,511,114, to be valid and infringed, this holding was made purely out of deference to the prior Opinion of the Circuit Court of Appeals and did not go into the merits of the new defenses and new evidence which had been offered by these Respondents, except the defense of "unclean hands." The District

Court passed all questions raised by this new evidence up to the Circuit Court of Appeals for its decision, presumably because of the fact that the Circuit Court of Appeals had previously held these two patents to be valid in its decision in the Byers' suit (44 F. [2nd] 283). The District Court, however, found that Downie Patent, No. 1,543,250, was not infringed by these Respondents; and also held that Downie Patent, No. 1,709,466 was invalid. Downie Patent, No. 1,716,432, was held to be infringed by The General Excavator Company. The charge of infringement based on this patent had been withdrawn against The Osgood Company prior to the trial.

As one of their defenses to these suits, the Respondents introduced evidence to show that the Petitioner came into equity with "unclean hands", and that the suits should therefore be dismissed.

The District Court wrote an exhaustive Opinion analyzing this evidence as to the "unclean hands" of the Petitioner, and held these actions "highly reprehensible," a fraud upon the courts which might subsequently consider the matter, a fraud upon subsequently claimed defendant infringers and a fraud upon the public.

The District Court, in these cases, however, held that, because the Respondents discovered and forced the disclosure of the fraudulent acts, the doctrine of "unclean hands" should not be applied to bar the relief sought in these suits (R. V. II, pp. 1097-1100).

The Court of Appeals of the Sixth Circuit, upon a

hearing of the appeals and cross appeals in the instant cases, agreed with the District Court that the conduct of Petitioner had been "highly reprehensible" but held that Petitioner could not be saved from the effect of its wrong-doing by the forced disclosure of the fraud after the filing of the suits; that its conduct constituted "unclean hands" and should be appraised as of the date of filing of the bills of complaint (R. V. V., pp. 121-124). The Court therefore held that because of these facts Petitioner should have been denied relief in a court of equity. The decrees of the District Court were reversed, and the causes remanded with instructions to dismiss the bills of complaint without prejudice to the prosecution of suits at law, or indeed, to subsequent actions in equity upon the other patents in suit.

A petition for rehearing was denied and in its memorandum denying the petition for rehearing, the Court of Appeals discussed the cases mainly relied upon here by this Petitioner and ruled that they were not in point. The Court also discussed Petitioner's contention as to the new Equity Rules and pointed out that these Rules "are not intended to change the general nature and characteristics of a court of equity as a court of conscience in which the granting of relief is largely discretionary and the court is not bound by hard and fast rules" (R. V. V., P. 158).

A petition for certiorari was made to this Court on certain specific questions and was granted. These hearings are now here upon the questions raised by the petition for certiorari.

ARGUMENT.

Summary of Argument:

The Petitioner bases its claim to relief in this Court on certain erroneous allegations. They may be listed as follows:

I. Petitioner alleges that, when a plaintiff enters a court of equity with "unclean hands," the court must segregate any parts of the suit not directly affected by the inequitable conduct and grant relief thereon.

II. Petitioner alleges that the Court of Appeals found that plaintiff had come into court with "unclean hands" in regard to one only of the patents involved in each suit (Petition for Writ, p. 2).

III. Petitioner alleges that each of these suits is a plurality of independent suits which have been combined under Equity Rule 26 merely for the convenience of the courts and the parties.

As to the first allegation, the rule is well settled, by the overwhelming weight of authority, that a court of equity will never be diligent to protect the rights of a plaintiff who enters court with "unclean hands" and that it will never segregate portions of the suit but will dismiss the entire suit, leaving the plaintiff where it finds him.

As to the second allegation, the Court of Appeals did not find that Petitioner had come into Court with "unclean hands" as to one only of the patents involved in

each suit. On the contrary, it found that Petitioner had come into Court with "unclean hands" as to all of the patents in each suit. Thus, in its Memorandum on Order Denying Petition for Rehearing, it held that the entire suits were dismissed because of the advantage Petitioner sought to take of a decree of validity obtained by fraud. This is a clear holding that all of the patents joined in these suits were sullied by the action of Petitioner in urging the adjudication fraudulently obtained.

As to the third allegation, these suits were not filed under Equity Rule 26 which was adopted for the purpose of permitting the filing of independent causes of action. They were filed under the conjoint use rule which was effective long before Equity Rule 26 was provided and which permitted the joinder of a plurality of patents in one suit without multifariousness, providing the alleged inventions of these patents were alleged to be conjointly used by defendants in a single machine. Thus, these suits became one cause of action wherein the evidence was commingled, so that independent adjudication of the patents on the record made, was not feasible.

I.

WHETHER UNCLEAN HANDS APPLIED TO ONE PATENT OR ALL PATENTS IN EACH SUIT, THE DISMISSAL OF THE ENTIRE SUITS WAS PROPER.

The maxim that "He who comes into equity must come with clean hands" is of ancient origin and is probably as old as the equity courts themselves.

This maxim has been universally applied by courts of equity, in England and the United States, for centuries, without modification or exception.

The Petitioner in these cases attempts to modify this ancient maxim by attempting to have grafted thereon an exception, which would provide that where suit is brought in equity and it is found that the party seeking relief has been guilty of "unclean hands" in regard to the matter in litigation, but that some portion of the rights to be enforced therein as Petitioner says, remains "unsullied," then the wrong-doer should have relief for that portion of his suit which he claims to be unaffected by his fraud or unconscionable conduct.

This unique and dangerous principle has never been subscribed to by the courts of equity. It is not the law and Petitioner has failed to cite or call attention to any case wherein courts of equity have ever applied so dangerous a principle or wherein a court of equity has ever been so solicitous for the rights of wrong-doers that

it would become, by the application of such a rule, an abettor of the fraud attempted to be perpetrated. As a matter of fact just the opposite is the law, as was clearly stated by this Court in Deweese v. Reinhard, 165 U. S. 386, 390, 17 S. Ct. 340, 341; 41 L. Ed. 757, as follows:

> "A court of equity acts only when and as conscience commands, and if the conduct of the plaintiff be offensive to the dictates of natural justice, then, **whatever may be the rights he possesses and whatever use he may make of them in a court of law, he will be held remediless in a court of equity.**"

Again, in Bein v. Heath, 6 How., 228; 12 L. Ed. 416, this Court held as follows:

> "It is a principle in chancery, that he who asks relief must have acted in good faith. **The equitable powers of this court can never be exerted in behalf of one who has acted fraudulently,** or who by deceit or any unfair means has gained an advantage. **To aid a party in such a case would make this court the abettor of iniquity.**"

In the case of Creath's Administrator v. Sims, 5 How., 192, at page 204; 12 L. Ed., 111, at page 117, this Court answered a wrong-doer's plea for relief by stating:

> "you cannot be admitted here to plead your own demerits; precisely, **therefore, in the position in which you have placed yourself, in that position must we leave you.**"

In Galloway v. Finley et al, 12 Peters 264, at page 296; 9 L. Ed., 1079, at page 1092, this Court after having denied a wrong-doer equitable relief as to title to lands, also

denied him relief for money expended in the transaction, stating:

> "Then as to the loss of the warrants and fees; it having been the clear duty of the appellant to enter the lands for the benefit of his vendors, and only to have demanded compensation for expense and trouble, and he having entered for himself, a court of equity must decline to assist him (in the language of Mr. Justice Story, 2 Story's Eq. 8) to escape from the toils which he has studiously prepared to entangle others; it must be left to him to get rid of his entries, and secure the benefit of his warrants."

The principle of law enunciated in the above-quoted cases has been uniformly followed by this Court in the following cases:

Manhattan Medicine Co. v. Wood, 108 U. S. 218; 27 L. Ed., 706.
Wheeler v. Sage, 1 Wall, 518; 68 U. S., 518; 17 L. Ed., 646.
Kitchen v. Rayburn, 86 U. S. 254, at page 263; 22 L. Ed., 64, at page 67.
Pope v. Gormully, 144 U. S., 224, 236, 237; 36 L. Ed., 414.

Some of the other leading cases in the Federal Courts in which the doctrine of "unclean hands" has been applied are as follows:

Weegham v. Killifer, 215 F. R. 168, at page 171 (affirmed by the Circuit Court of Appeals of the 6th Circuit in 215 F. R. 289).
California Fig v. Stearn, 73 F. R., 812 (C. C. A. 6th) (approved by the Supreme Court in Worden v. California Fig Co., 187 U. S. 516).
Memphis Keeley Institute v. Leslie E. Keeley Co., 155 F. R., 964 (C. C. A. 6th).

Toledo Computing Scale Co. v. Computing Scale Co., 142 F. R., 919 (C. C. A. 6th).
Gaines & Co. v. Turner Looker Co., 204 F. R., 553 (C. C. A. 6th).
Carmen v. Fox Film Corp., 269 F. R., 928 (C. C. A. 2).
Primeau v. Granfield, 193 F. R., 911 (C. C. A. 2).
Crocker v. Ingersoll Engineering & Construction Co., 249 F. R., 31 (C. C. A. 6th).
Cleveland Cliffs Iron Co. v. Arctic Iron Co., 261 F. R., 15 (C. C. A. 6th).
Michigan Pipe v. Fremont Ditch, 111 F. R., 284 (C. C. A. 8th).
Union Central Life Ins. Co. v. Drake, 214 F. R., 536 (C. C. A., 8).
Gerosa v. Apco Mfg. Co. (C. C. A. 1st Circ.), 299 F. R., 19.
Stone & McCarrick, Inc. v. Dugan Piano Co., et al. (C. C. A. 5th Circ.), 220 F. R., 837.
Bell & Howell Co. v. Bliss, et al. (C. C. A. 7th Circ.), 262 F. R., 131.

It is plain from the citation of the above authorities that Federal Courts of equity will refuse to grant any relief to those seeking its aid who themselves have been guilty of illegal, deceitful, fraudulent, unfair or unconscionable acts with reference to the matter in which they seek the aid of the court. This principle of law is so well established that it is believed unnecessary to cite the numerous cases which may be found in the State reports applying this maxim.

The said point of law raised by the petition for certiorari, was before the Circuit Court of Appeals on Petitioner's petition for rehearing herein. The Court of

Appeals denied the petition for rehearing, stating as to this point as follows:

> "The doctrine which we have applied is simply that if one, as actor, seeks to set the judicial machinery in a court of equity in motion upon grounds in respect to which his conduct is sullied, he will find the doors of the court closed against him. **The bar is said to be 'in limine.'** The plaintiff is repelled as of the date of the filing of the bill and in respect of the maintenance of the action then instituted, because he does not then appeal to the court as one in whose behalf the largely discretionary powers of the court should be exercised. **The fact that delay is thereby occasioned, or that the plaintiff has thereby suffered a loss of time and expense, is immaterial.**"

However, it is believed that the precise question raised by the petition for certiorari, as to whether or not a court, even where it finds "unclean hands" in an equity suit, should give the wrong-doer relief as to that part of the suit which is claimed to be "unsullied," was decided and conclusively settled by the decision of this Court in the case of Carrington v. Pratt, 18 How., 63; 15 L. Ed., 267. In that case the Court refused relief on a bottomry bond in which fictitious items had been inserted in an attempt to defraud third persons. The fraud being discovered, plaintiff asked that relief be given to the extent of the proper items in the bond. The Court however refused relief, saying at page 67:

> "It is insisted, however, that the security should be held valid for the amount actually advanced, conceding it to be void for the excess. It is true that a bottomry bond may be good in part and bad in part, and may be upheld even in cases when taken for a sum in the aggregate larger than that which prop-

erly constitutes a lien upon the vessel within this species of security. There are many cases to this effect. Abbott, 126, n.; 1 Wheat, 107; 8 Pet., 228. These are cases, however, in which the items rejected were not properly chargeable on the ship, or were embraced within the bond from inadvertence or mistake, and entirely consistent with the good faith of the parties in the transaction. **They stand upon widely different principles from those where the objectionable items are fictitious, and inserted in the bond with the intent to defraud third persons. The entire security in such cases becomes tainted with the fraud, and a particeps criminis is not allowed to come into court to enforce it, even for the money advanced or expended; for to permit it would afford countenance to the fraud by giving partial effect to it.**

"By holding the security valid to the extent of the loan, rejecting the excess, the guilty party would risk nothing; for, when detected in the fraud, he would still be enabled to reimburse himself for the amount really due. **We have seen that the rule of equity—and which is the rule of admiralty in such cases—refuses to interfere for relief, and leaves the parties where the law finds them.**"

It is therefore submitted that the Circuit Court of Appeals correctly decided the issues involved in these cases by dismissing the bills of complaints when it had found that the Petitioner was guilty of "unclean hands." The law is well settled, as shown by the above cases, that the equitable powers of a court of equity can never be exerted in behalf of one who has acted fraudulently, and whatever may be the rights he possesses, and whatever use he may make of them in a court of law, he will be held remediless in a court of equity. **When fraud or**

illegality is disclosed in a case the entire suit becomes tainted with fraud and public policy requires that an equity court refuse its aid irrespective of the state of the pleadings and regardless of the fact that with fraud and illegality absent the plaintiff might appear entitled to relief. Under such circumstances the wrong-doer will find the doors of the court closed against him, whether parts of its claims are free from taint or not.

Cases Relied Upon By Petitioner to Sustain Point of Law Raised in Petition for Certiorari.

The Petitioner in its Main Brief fails to cite any cases which sustain the proposition raised by its petition for certiorari. The court below on petition for rehearing (R. V. V. pp. 157, 158) considered and clearly distinguished the cases of Maatschappij v. Kosloff, 45 F. (2d), 94, and in re Meyerfeld, 46 F. (2d), 665, affirmed in Williams v. Levy, 54 F. (2d), 18.

The case of Maatschappij v. Kosloff, 45 F. (2d), 94, presented no such situation as is here involved. In that case, the plaintiff's suit was based on two distinct grounds. One ground was infringement of certain registered trade-marks. The other ground was unfair competition by simulation of wrappers for the articles being sold, particularly by imitating the selection of colors and arrangement of lettering.

"Unclean hands" was charged because of alleged false statements made in application for registration of the trade-mark. The court reached the conclusion that the statements alleged to be false were, in fact, true. Since

this disposed of the question of "unclean hands", the statement that if "unclean hands" had been proved that would not bar relief on the ground of unfair competition, was merely obiter dictum.

The case of in re Meyerfeld, 46 F. (2d), 665, affirmed in Williams v. Levy, 54 F. (2d), 18, relied upon by Petitioner, is even less pertinent. In this case Levy had advanced all the money for the purchase of a piece of property by Harry Meyerfeld. The undisputed evidence showed that, for reasons of business convenience, the legal title to the property was retained by Meyerfeld, though the equitable title was held by Levy. When Meyerfeld became bankrupt, Levy made claim to his property and offered a deed as further evidence of this title. The referee held that the deed was not genuine, though the court called attention to the fact that this holding was upon sharply conflicting evidence. The court merely rejected this evidence and held that it was unnecessary, in view of the fact that the undisputed evidence showed the establishment of a resulting trust. It said that the finding that the deed was not genuine could have the effect only of leaving the question open as to whether there was a charge to be ascertained in favor of the bankrupt for reasonable compensation for the use of his name with respect to this particular lot, and which charge might be determined to be a lien against it.

This was merely the rejection of a piece of evidence of doubtful validity, with the holding that the other evidence in the case clearly showed the establishment of a resulting trust. It is a far cry from that case to the

present one wherein the Petitioner, after obtaining a favorable adjudication of a group of patents by fraudulently depriving the court of free access to information regarding a prior public use against an important patent of the group deliberately urges this fraudulently obtained adjudication in an attempt to take further advantage of the court already deceived.

In the one case, as pointed out by the court below, the claimant did not undertake to initiate proceedings for his own relief in a court of equity but was brought into such court against his will and founded his claim upon two contentions, as to one of which he is alleged to have fabricated evidence. As pointed out by the court below, "The relief which was sought on the alleged resulting trust theory in no sense could be said to be 'founded on the unlawful thing done or intended to be done.'" (R. V. V, pp. 157, 158.) But in the present cases, the relief sought was founded on fraudulently obtained adjudication and with deliberate knowledge and intent to defraud the court which had already been defrauded to obtain such adjudication.

The Petitioner also relies on the case of Barnes v. Barnes, 282 Illinois, p. 593. That case was a suit for an accounting by a sister against her deceased brother's estate, for an accounting of money and securities given to her brother during his life time for investment and safe keeping. The evidence of a great many witnesses showed that the brother had received and taken charge of the money of the sister and had invested it in stock and securities for her. The court held that there was

ample ground for an accounting. It was claimed that twelve letters purporting to have been written by the brother were forgeries. There was a large number of other letters to show the relations of the parties.

The Appellate Court held that there was no finding in the decree as to the alleged forgeries. This really makes the opinion of the court on this point dictum.

The case of Munn v. The Americana Co., 83 N. J. Eq. 309; 91 Atl. 87, is not in point here. That was a case in which Munn & Company attempted to enjoin defendants from using the words "Scientific American", in connection with an encyclopedia. Munn & Company had previously agreed with the Americana Company to permit that company to represent that the encyclopedia was the work of the Scientific American and to thereby avail themselves of the reputation of that journal for the purpose of attracting subscribers for the book. This agreement had expired.

The court held that Munn & Company having entered into this fraud upon the public could not, after the expiration of this agreement, enjoin the Americana Company from continuing the use of the name "Scientific American" in connection with the encyclopedia and dismissed the bill on the ground of "unclean hands". No other relief had been asked in the bill and the court merely made it clear in its decree that its refusal to enjoin the use of the said words upon the encyclopedia did not thereby give the Americana Company a right or license to use the name, "Scientific American", for other purposes than the encyclopedia.

The case of Harris v. Harris, 208 Ala. 20, 93 So. 841, cited by Petitioner, does not sustain its contentions on the point of law raised by the petition for certiorari. This was a will case brought to set aside a judgment of the Probate Court. A demurrer was sustained by the lower court to complainant's bill of complaint on the ground that the complainant was in court with "unclean hands." The complainant who was a devisee under the will, and an heir-at-law was charged with entering into a fraudulent agreement with other heirs to defeat the will. The court refused to apply the doctrine of "unclean hands" in this case, not because of any regard for complainant, but because complainant and defendants in the suit were not the only ones involved. To have entered a decree of "unclean hands" in this suit would have injuriously affected other devisees or heirs, who were not in any way involved in the fraud. The court held that to deny relief under these circumstances would allow the maxim to work injustice and wrong. The court further held that the decree which had been entered fraudulently involved the integrity of the decree of the Probate Court and should therefore be vacated. It will therefore be seen that this case in not in point in the present suits.

The citation from 21 Corpus Juris, Sec. 173, p. 188, cited in Petitioner's brief is unimportant, as it merely refers to the case of Barnes v. Barnes, supra, which we have discussed above and shown to be not in point.

As to the statements of law and cases cited on page 7 of Petitioner's Main Brief, under points II, III, and IV,

we have no quarrel with these statements because they relate to points of law that are in no way involved by the petition for certiorari. It is therefore deemed unnecessary to take up the Court's time with a prolonged discussion of such points. For instance, as to Petitioner's point II, the Circuit Court of Appeals in its Opinion in these cases pointed out that in dismissing the bills of complaint it was not acting as an avenger of wrongs committed at large. (R. V. V., p. 122.)

As to point III on said page 7, of Petitioner's Main Brief, the Court of Appeals' decision, which was not challenged by the petition for certiorari, held that the wrongful conduct of Petitioner was directly connected with the matter in litigation.

The same applies to point IV. The Court of Appeals and the District Court both held that fraud was proved in these cases, and that finding was not challenged by the petition for certiorari. It is therefore not an issue here.

II.

PETITIONER'S CLAIM THAT ITS "UNCLEAN HANDS" AFFECTED ONLY PART OF ITS SUIT, IS UNTENABLE.

In framing the question presented on page 2 of the petition for certiorari herein, the Petitioner assumes that the question of "unclean hands" only affected one of the causes of action, and that other causes of action in these suits were "unsullied."

This claim of the Petitioner is untenable and will not bear analysis. Initially, before suits were filed by Petitioner, its illegal conduct may have related solely to the Downie Patent, No. 1,511,114, because of the illegal contract entered into with Bernard Clutter. However, once the Petitioner had filed suit against the Byers Company on Downie Patent, No. 1,511,114, including in that suit various other patents not involved in the fraud initially, this action of Petitioner in combining together in one suit a patent as to which it had a fraudulent agreement with other patents not so involved, made the entire suit a fraudulent one. They were all combined in a single bill of complaint with a general prayer for an injunction and accounting. The entire suit thus became tainted with the fraud.

Then, having obtained its primary objective by obtaining a decree in its favor in the Byers case based upon this fraud, the Petitioner thereupon filed these present suits and attempted to obtain a preliminary injunction against Respondents, basing its claim to this preliminary injunction upon the "fraudulent adjudication" obtained in the Byers case. All of the patents sued upon in these cases thereupon became tainted with the fraud, because being deliberately selected and involved by Petitioner in bills of complaint having as their objective the defrauding of the Courts, the public and these Respondents.

In Carrington v. Pratt, 18 How., 63, at p. 67, 15 L. Ed., 267 at p. 268, this Court held that while a suit might be good in part and bad in part, where for instance im-

proper items had been included through inadvertence or mistake in the cause of action, a different rule applies where the improper items were inserted with the intention to defraud, because in that case, the whole suit becomes tainted with fraud.

The Court of Appeals had the question raised by this petition for certiorari before it on the petition for rehearing in these cases. It refused to recognize the right of Petitioner to any relief because the entire suits were tainted with fraud, by stating in 64 Fed. (2d) 39 at p. 40, as follows:

> "We have not held any of the patents in suit invalid nor adjudicated any of the rights of the parties inter sese. The doctrine which we have applied is simply that if one, as actor, seeks to set the judicial machinery in a court of equity in motion upon grounds in respect to which his conduct is sullied, he will find the doors of the court closed against him. The bar is said to be 'in limine.' The plaintiff is repelled as of the date of the filing of the bill and in respect of the maintenance of the action then instituted."

Error Assigned By Writ Is a Misconception of Holding By the Court of Appeals.

The Court of Appeals did not, as stated by the Petitioner (p. 2), find "that plaintiff had come into court with 'unclean hands' in regard to one only of the patents involved in each suit." On the contrary, the Court of Appeal held that the suppression to obtain the fraudulent adjudication in the Byers suit combined with urging of this adjudication in the instant cases brought

Petitioner into Court with "unclean hands." This is made particularly clear by the Memorandum on Order for Denying Petition for Rehearing (R. V. V., pp. 158, 159).

Thus, Petitioner has assigned error as to a ruling which was not actually made by the Court of Appeals. Moreover, the ruling actually made that the "unclean hands" extended to the entire suit presents an entirely different question from the one presented by the Petitioner. It presents a question of fact not presented by the assigned error, a question with which the Court of Appeals was particularly familiar, since the holding that the fraudulent adjudication sullied each entire suit involved a recognition by the Court of Appeals that these patents had been treated both in the Byers case and these cases as a single development in the art.

In a similar situation, in Southern Power Company v. North Carolina Public Service Company, 263 U. S. 508, 68 L. Ed., 413, this Court said at page 509:

> "This writ must be dismissed. The petition therefor stated that the cause involved a grave question of vital importance to the public, and alleged as special reason for its re-examination that the decree would deprive petitioner of property without due process of law, and of freedom to contract, contrary to the Federal Constitution. The opinion below is reported in 33 A. L. R. 626, 282 Fed. 837.
>
> "The argument developed that the controverted question was whether the evidence sufficed to establish actual dedication of petitioner's property to public use,—primarily a question of fact. That is not the ground upon which we granted the petition, and, if sufficiently developed, would not have moved us thereto.

"Heretofore we have pointed out the necessity for clear, definite, and complete disclosures concerning the controversy when applying for certiorari. Furness, W. & Co. v. Yang-Tsze Ins. Asso. 242 U. S. 430, 61 L. Ed. 409, 31 Sup. Ct. Rep. 141; Layne & B. Corp. v. Western Well Works, 261 U. S. 387, 67 L. Ed. 712, 43 Sup. Ct. Rep. 422.

* * * * * * * * * * * * * * *

Dismissed."

It will therefore be seen that the question raised by the petition for certiorari assumes that part of Petitioner's suits remains "unsullied" while, as a matter of fact, it has been shown above that the entire suits are tainted with the fraud perpetrated on the courts and these Respondents. The decision of the Circuit Court of Appeals in these cases should therefore be affirmed.

III.

EQUITY RULE 26 NOT INVOLVED IN THESE CASES.

The decision of the Court of Appeals in these cases in no way affected or involved an interpretation of Equity Rule 26. The Court merely said (R. V. V, p. 158):

"Such new Equity Rules are not intended to change the general nature and characteristics of a court of equity as a court of conscience in which the granting of relief is largely discretionary and the court is not bound by hard and fast rules. Cf. Pope Mfg. Co. v. Gormully, 144 U. S., 224, 265-7."

This is merely a succinct statement of a fact, obvious to anyone, that the new Equity Rules were not intended

to restrict the doctrine of "unclean hands." It certainly cannot be construed to be a holding that a plaintiff is not entitled to join several patents in one cause of action. In fact, the ruling by the court below holds that the plaintiff may join several patents in a single cause of action.

The Petitioner, on pages, 8, 9, 10 and 11, of its "Main Brief" adduces the argument that under Equity Rule 26, it has been the practice to decide each cause of action on its own merits.

The Petitioner cites, for example, suits based upon more than one patent, and points out that the holding of one patent invalid does not affect the others, which are in turn adjudicated upon their own merits. The cases relied upon as sustaining this proposition are: Leeds and Catlin v. Victor Talking Machine Co., 213, U. S. 301, 53 L. Ed., 805; Geneva Furniture Mfg. Co. v. Karpen, et al, 238 U. S. 254, 59 L. Ed., 1295; Kansas City v. Devol, 81 F. R. 726; Sly v. Central Iron, 201 F. R., 683.

This is all very true and there is nothing in the Court of Appeals' decision in these cases which is in any way in conflict with that proposition.

However, in the cases relied upon by Petitioner, no question of fraud or "unclean hands" was involved. Where the question of fraud or "unclean hands" is involved, a different rule applies.* The entire suit becomes tainted with fraud, and no relief will be granted.

The Petitioner knew, and could have avoided its present situation by basing its suits upon patents as to which

*Carrington v. Pratt, 18 How., 63, 15 L. Ed., 267.

there could be no question of fraud or "unclean hands." It should not have enmeshed itself in fraud. It now asks the Court to assist it to escape from the consequences of its own fraud. This, courts of equity have always consistently refused to do.

Petitioner's Pleadings and Proofs Considered All Patents As One Development, Under Conjoint Use Doctrine.

When the Court of Appeals dismissed Petitioner's suits on the ground that it was guilty of "unclean hands," its counsel cast about for some means of salvaging at least a portion of these suits. The plan hit upon was to claim for the first time on petition for rehearing before the Court of Appeals, that five patents were involved, and to further claim that the fraud only related to one patent, (this claim Respondents have shown herein to be false) and that the Court of Appeals should not have dismissed the suit as to the other patents.

Even if it were not the rule in equity to refuse relief to parties guilty of "unclean hands," Petitioner's claim could not be sustained.

While five patents were sued upon, the Petitioner was merely following the common practice in patent cases (permissible before Equity Rule 26 was made) of grouping together for a suit, a series of patents directed at a single excavating machine manufactured by Respondents.

In its bills of complaint the Petitioner appeals to the Court on the theory that all the patents in suit were to be considered in such a way as to constitute one single cause of action by alleging conjoint embodiment and use

in one and the same construction. The following paragraph appears as paragraph 17 in the bills of complaint against the respective Respondents (R. V. I, pp. 8, 101):

> "XVII. The inventions of the aforesaid patents are susceptible of conjoint embodiment and use in one and the same construction, and have been so conjointly embodied and used in the machines made and sold by Defendant as aforesaid."

Similar paragraphs were also contained in the supplemental bills of complaint (R. V. I, pp. 48, 143).

It will thus be seen that the Petitioner in these suits was not joining separate and independent patents wholly unrelated to each other, as may be done under the present Equity Rule 26, but that the Petitioner was following the practice prior to the adoption of Equity Rule 26 of joining in one suit a plurality of patents where the inventions covered by these patents embodied one infringing process, machine, manufacture, or composition of matter. (Walker on Patents, Sec. 468, 6th Ed.) This practice was old long before the adoption of Equity Rule 26 in 1912. Thus, in Gamewell Fire-Alarm v. City of Chillicothe, 7 F. R., 351, decided in 1881, the Court said:

> "The bill shows that re-issues Nos. 8,891 and 8,896 are for improvements in fire alarms, and that the complainant has the right, under re-issue 4,588, of constructing apparatus for fire alarms and the transmission of municipal intelligence, and alleges that the defendant uses each of these inventions in one machine—uses them all in the same machine. It is plain that the use of all these inventions together, to constitute a machine, is the cause of action set out in the bill; the construction of a fire alarm, such as

defendant now uses, being the injury complained of and against which an injunction is prayed * * *

"And it may be said generally that a demurrer for multifariousness will not lie to a bill founded on several letters patent, where all the inventions are set out as constituting one cause of action, and the prayer relates singly, as to discovery and remedy, to a machine constructed according to and containing all said inventions. * * *

"To escape the objection of multifariousness such a bill should aver that said inventions are capable of conjoint as well as separate use, and are in fact so used by defendant. (Nellis v. Lanahan, 6 Fisher, 286.)

"In the bill under consideration the letters patent are properly joined, and, in fact, constitute one and the same cause of action.

"The demurrer is, therefore, overruled."

Petitioner says on page 11 of its "Main Brief" that Rule 26 supplanted and superseded all other procedures for joining causes.

But this is not so. Equity Rule 26 does not supplant and supersede all other procedures for joining causes. It merely permits the joining of certain causes of action, the joining of which would have been multifarious before the Rule was made.

However, the bills filed by the Petitioner in these cases would not have been multifarious before the Rule was made, because the bills allege "conjoint use."

The Evidence as to All Patents Was Commingled in Instant Cases and in Byers Case.

In the instant cases, Petitioner's witness Downie gave a history of the development of Petitioner's commercial machine (R. V. I, pp. 221 to 251). In this history, he described the devices of the patents in these suits and said that the devices of all these patents were incorporated in the present commercial machine. Then he testified as to the number of these machines sold without distinguishing between the machines having the devices of all the patents and those having only one or more. This was clearly a commingling of proofs as to all patents for the purpose of showing commercial success in an attempt to establish validity and to obtain a broad interpretation in the light of the authorities.

Furthermore, Petitioner demonstrated one machine to the District Court and one machine only (Downie, R. V. I, pp. 253-255). It did not demonstrate the devices of the different patents separately. It showed a motion picture of an identical machine to impress the Court (Paul Sessions, R. V. II, p. 792). It then pointed to this one machine as evidence of the successful working of all of the devices of the patents in suit, saying that all of these devices were embodied in it (Downie, R. V. I, p. 254).

Likewise, Petitioner offered evidence intended to show that certain functional advantages alleged to be inherent in the Clutter and Downie patents were actually useful

and valuable. Thus, an operator, one Morrison, testified (R. V. I, pp. 303-306) that he had used one Keystone machine "like a pick" (an alleged function of Clutter) and that he had used the same machine for "undercutting" (an alleged advantage of the first Downie patent). If this evidence has any value, it seeks to show the value of the two principal patents in suit here by evidence as to use of one machine. This is certainly commingling of evidence.

As a matter of fact, throughout the testimony of Petitioner's witnesses, particularly of its experts, Downie and Sessions, Petitioner's commercial machine was treated as one continuous development with the alleged inventions of the patents in suit being merely steps in this development. This same course was pursued in the Byers case as shown by the Opinion of District Judge Jones (R. V. I, p. 14) which speaks of the patents merely as successive steps of a single development. Thus, in in Judge Jones Opinion appears the following statement, at R. V. I, p. 15:

> "Without going into detail or discussing technical means, I think the plaintiff's patents have initiated and accomplished, in a practical, commercial, and economical way, an advance in the field of mechanical digging, and that through its efforts and development have produced a better and, in substantial respects, a new result out of old elements, in the art of trenching and digging."

This is also shown by the Opinion of the Court of Appeals in the Byers case, at 44 F. (2d) 283. The tenor of

this Opinion is indicated by such statements as the following, at page 283:

> "This case involves alleged infringement of a ditching or excavating machine manufactured by the plaintiff and claimed to be protected by four patents, * * * *."

and at page 285:

> "If there were any doubt about invention in Downie, it would certainly be resolved by the fact that the Downie improvements to the Clutter device have presented to the industry its present commercially acceptable excavating machine, and that this commercial machine was what was copied by the defendant."

It will be seen from this that the commercial machine and the success thereof was of great influence upon the Court of Appeals in the Byers case, that is, in causing the Court of Appeals to uphold these patents. It will also be apparent that the patents were treated as a group whose devices were embodied in a single machine made possible by the Downie patent 1,511,114.

But when the evidence in the instant cases showed that a public use had been suppressed and that this public use might show this Downie patent to be invalid and deprive this group of patents of the supporting factor of commercial success, the Court of Appeals clearly saw that the Respondents had not had a fair trial in the District Court where the fraudulently obtained Byers Opinions hung over them like a cloud, as shown by Judge Hahn's Opinion, at R. V. II, p. 1067. It was then that

the Court of Appeals, in its Memorandum on Order Denying Petition for Rehearing, said at R. V. V, p. 159:

> "This court has permitted the evidence of unclean hands to be presented in the court below and that court to consider the matter of the Joplin use in its bearing upon the defenses of anticipation and prior public use. **We have held in the present cases that the plaintiff was barred not by its failure to disclose this prior use, if it was such, but by the advantage which it sought to take of a decree of validity obtained in the manner stated. With the introduction in evidence of all the pertinent facts both the earlier decree of the District Court and the affirmance by this Court lose their efficacy as controlling factors (the law of the case) in subsequent decisions either in the District Court or here.**"

Thus, after having pleaded its case in such a manner as to group all the patents together; and having offered its proofs, in accordance with said pleadings, on the theory that all the patents should be considered as one single development, we find the Petitioner for the first time in its petition for rehearing before the Court of Appeals trying to unscramble these patents from each other in an attempt to save itself from the consequences of its fraud. These facts were all before the Court of Appeals, which could not fail to realize the interdependence of the patents sued upon, and that each of these suits is an integral suit; that the fraud, originating as to one patent, has spread to the entire suits through the voluntary acts of Petitioner in urging fraudulently obtained adjudication and commingling its proofs as to all patents; and that the whole matter is so tainted with fraud that the Petitioner is not entitled to relief in these suits.

In the Byers case and in the instant cases, Petitioner relied upon the conjoint use of several patents, each to strengthen the other. It should not now be allowed to claim that these patents should be considered separately to escape dismissal because of "unclean hands."

Since it relied upon the first Downie patent and alleged commercial success and utility of the device of this patent to strengthen the other patents in suit, to claim a unit value for the group, the group and their joint strength are necessarily affected by the fraud perpetrated in connection with that patent. Petitioner, "having made its bed, must lie in it," and cannot now complain.

The patents were all joined together like confederates in a conspiracy, having a common purpose, and marching under the same banner, one depending upon the other, so that the fraud infected all and therefore they must all go down together.

Petitioner Asks Consideration of Testimony from Another Suit in Which Respondents had no Part.

Petitioner has taken a unique course in this matter. It first injected into these cases, the testimony given by certain witnesses upon a rehearing in the Byers Case. This was done under the guise of a motion to vacate the supersedeas which Petitioner pretended to support by testimony given in the Byers rehearing. Not all of the Byers rehearing record was offered, merely the testimony of selected witnesses.

It should be remembered that these Respondents had no part in the Byers rehearing. They had no oppor-

tunity to examine or cross-examine the witnesses whose testimony was thrown into these cases by motion. Moreover, these witnesses were not newly discovered but they were witnesses available to Petitioner at the trial of the instant cases. As a matter of fact, Petitioner had practically a year's notice to produce these witnesses and was actually warned by Judge Hahn that it should produce some or all of them at the trial if their testimony were considered of any importance.

The testimony which Petitioner attempts to project into the record of the instant cases by this novel and entirely unwarranted method is the testimony which Bernard R. Clutter gave at the Byers rehearing and also the testimony given at this rehearing by Veleair C. Smith, Frank Oliver and John L. Burdge. It should be noted, however, that Bernard R. Clutter gave two depositions in the instant cases and the Petitioner had full opportunity to cross-examine and did cross-examine him both as to his Joplin development and as to the suppression matter. Clutter's deposition as to the suppression matter (R. V. II, p. 736) fully related his version of the conspiracy and counsel for Petitioner cross-examined him at length. Moreover, at the time and long prior to this time, as admitted by Philip E. Siggers, of counsel for Petitioner, (R. V. II, p. 1051) Petitioner was in possession of the numerous documents and all of the facts relating to this conspiracy.

Smith and Oliver were employees of Petitioner and available at any time. Since Burdge attended the Byers rehearing as a witness in behalf of Petitioner, he un-

doubtedly could have been produced at the trial of the instant cases. If any of these witnesses had refused to attend the trial, their depositions could have been taken.

In the instant cases, the first deposition of Bernard R. Clutter, which related to the Joplin public use, was taken on February 24, 1930. The depositions of a number of corroborative witnesses, as to this public use, were taken on March 19, 1930. The second deposition of Bernard R. Clutter, which related to the conspiracy, was taken on October 21, 1930. Respondents' motion to compel production and inspection of documents relating to the suppression matter was denied without prejudice by Judge Hahn on February 2, 1931, as a result of a hearing on January 3, 1931. At this hearing, Petitioner was notified that these documents should be produced at the trial. At the same time, Petitioner was notified by Judge Hahn that it should produce any witnesses that it might have in connection with this suppression matter. The trial started on March 3, 1931, was adjourned after a week or two because of the illness of Judge Hahn and was concluded in May, 1931.

With all this time and notice to produce these witnesses, Petitioner saw fit to remain supine and make no effort to present their testimony at the trial. Even to this day, Petitioner has made no effort to introduce the testimony of these witnesses into the instant cases in the orthodox way, so as to give Respondents the opportunity of cross-examination. And, of course, it is now too late. Instead, Petitioner resorted to a motion to vacate supersedeas shortly before the decision by the Cir-

cuit Court of Appeals. Then, after this decision and decision upon rehearing, Petitioner selected the depositions of these witnesses and printed them as the major part of Volume V of the Transcript of Record.

It is difficult to see what possible justification Petitioner can have for entering the Supreme Court of the United States in these cases and attempting to support its claims to relief by testimony taken from a case with which the Respondents had no connection whatever and had no right of cross-examination of these witnesses.

The Opinion of Judge Jones on the Rehearing of the Byers Case Has No Place in This Record.

In addition to the incomplete record of the testimony in the Byers rehearing which has been embodied in Volume V of the Transcript of Record in the instant cases, Petitioner has also included the Opinion of Judge Jones rendered as a result of this Byers rehearing. Respondents were not involved in the Byers case, they took no part in the said rehearing, they did not examine nor cross-examine any of the witnesses and had no right to do so.

Petitioner is asking this Court to set the Opinion of District Judge Jones against the Opinions of District Judge Hahn and of the three judges of the Court of Appeals of the Sixth Circuit. This Opinion of Judge Jones was not rendered in the instant cases at all and certainly can have no bearing upon the action which has been taken or is to be taken by the Court in these cases.

Every lawyer knows that the Opinion of a Court cannot be properly valued without a study of the complete record upon which this Opinion is based. Yet, this Petitioner does not even submit to this Court the complete record of the Byers rehearing. The Byers record contains the testimony of a number of other witnesses, including that of Rex Downie who made a number of admissions upon cross-examination.

However, even if the complete record of the Byers rehearing had been furnished this Court, it is submitted that this record and the Opinion by Judge Jones should be ignored and that Petitioner should be charged with the costs for the unwarranted introduction of this extraneous matter into the record of the instant cases. It is fundamental that Respondents cannot be bound by the testimony of witnesses whom they have had no right to cross-examine. It is equally fundamental that the Petitioner having failed, after more than ample notice, to offer witnesses in the instant cases, cannot take the testimony of such witnesses at a subsequent date in another case and project such testimony into the instant cases through the medium of an affidavit in support of a motion to vacate supersedeas.

Equally unavailing is the contention by Petitioner that the testimony of Bernard R. Clutter in open Court before Judge Jones on rehearing should be given more influence than the depositions given by Clutter in the instant cases. Petitioner had full right of cross-examination at these depositions and was possessed of the originals or copies of all of the documents forming a

basis for such depositions. Petitioner was at liberty to take Clutter into open Court if he refused to answer any question and cannot now do by indirection what it failed to do directly at the proper time in the instant cases. Were the rule otherwise, litigation would never end.

But all of the talk made by Petitioner alleging the importance of Clutter's appearance in open Court is entirely misleading. The documentary exhibits of record in these cases conclusively establish the fraud and unclean hands. The admissions of Downie and Elmire merely serve to emphasize the extent of the fraud. This is clearly shown by the exhaustive analysis made by Judge Hahn and by the Opinion of the Circuit Court of Appeals. As a matter of fact, Clutter's testimony before Judge Jones on rehearing did not materially vary from his testimony in the instant cases but, even if it had, Petitioner would still be conclusively shown to be guilty of fraudulent conduct and unclean hands by the documentary exhibits and the testimony of Downie and Elmire.

The Petition Raises Questions Not Included in Errors Assigned.

This Petitioner has devoted more than half of its Main Brief to the contention that the Court of Appeals erred in holding that Petitioner "came into court with unclean hands". But this alleged error was not assigned in the petition for writ of certiorari, filed by this Petitioner. Nor is the decision of this question necessary, in

any sense, to the review by this Court of the errors actually assigned.

The sole question before this Court as a result of the petition is whether the Court of Appeals should have dismissed the suit as to all patents sued upon or only as to the one patent, with regard to which the unclean acts started. By its failure to allege in its petition that the Court of Appeals erred in holding Petitioner guilty of unclean hands, Petitioner is barred from raising this question here. As a result of its petition, it stands in the position of acknowledging "unclean hands" in connection with the Downie patent No. 1,511,114 while contending that the other patents are not affected thereby. It is submitted that it is the fixed policy of this Court to confine the review on certiorari to the errors assigned by Petitioner for the writ.*

Furthermore, the question discussed by Petitioner in its twenty-two page Appendix A involves a set of facts which was exhaustively analyzed by District Judge Hahn with the result that he found the Petitioner guilty of fraud and highly reprehensible conduct. This finding of facts was concurred in by the Circuit Court of Appeals. Now, this Court is asked to analyze and weigh these

*U. S. Supreme Court Rule 27, Par. 4; Alice State Bank et al. v. Houston Pasture Company, 247 U. S., 240, 62 L. Ed., 1096; Hubbard v. Tod, 171 U. S. 474, 43 L. Ed. 246, 19 Sup. Ct. 14; Steele v. Drummond, 275 U. S., 199, 72 L. Ed., 238; Blair v. Oesterlein Machine Company, 275 U. S. 220, 72 L. Ed. 249; Webster Electric Company v. Splitdorf Electrical Company, 264 U. S. 463, 68 L. Ed. 792; Commercial Credit Company v. United States of America, 276 U. S. 226, 72 L. Ed. 541; Donnelley v. United States of America, 276 U. S. 505, 72 L. Ed. 676; Warner v. Independent Pier Company, 278 U. S. 85, 73 L. Ed. 195; Federal Trade Commission v. Pacific States Paper Trade Association et al., 273 U. S. 52, 71 L. Ed. 534.

facts and determine whether or not the concurrent findings of both lower courts are correct. But it is well settled that this Court will accept findings concurred in by the two lower courts unless they are clearly erroneous.* The cited authorities show that it is merely necessary that evidence exist to support the findings and that this Court will not weigh this evidence as to adequacy and credibility but will accept the findings in the absence of apparent error.

Cases Relied Upon by Petitioner.

In Delk v. St. Louis & San Francisco Railroad, 220 U. S. 580, 55 L. Ed. 590, a suit for damages for personal injury, this Court did not hold that Petitioner was entitled to review of a question not assigned as error by the petition for the writ. It merely exercised its power to decide a question of law, the decision of which it deemed necessary for the disposal of the case. Neither

* Washington Securities Company v. United States, 234 U. S. 76, 58 L. Ed. 1220; Baker v. Schofield, 243 U. S. 114, 61 L. Ed. 626; Piedmont & George's Creek Coal Company v. Seaboard Fisheries Company, 254 U. S. 1, 65 L. Ed. 97; Geddes v. Anaconda Copper Mining Company et al., 254 U. S. 590, 65 L. Ed. 425; Bodkin v. Edwards, 255 U. S. 221, 65 L. Ed. 595; Oceanic Steam Navigation Company (Limited) v. Aitken et al., 196 U. S. 589, 49 L. Ed. 610; Deslions v. La Compagnie Generale Transatlantique, 210 U. S. 95, 52 L. Ed. 973; Reese v. Philadelphia & Reading Railway Company, 259 U. S. 463, 60 L. Ed. 384; Causey v. United States, 240 U. S. 399, 60 L. Ed. 711; Varner v. New Hampshire Savings Bank, 240 U. S. 617, 60 L. Ed. 828; International Navigation Company v. Farr & Bailey Manufacturing Company, 181 U. S. 218, 45 L. Ed. 830; Luckenbach v. McCahan Sugar Refining Company, 248 U. S. 139, 63 L. Ed. 170; Southern Pacific Company v. Bogert, 250 U. S. 483, 63 L. Ed. 1099; L. E. Waterman Company v. Modern Pen Company, 235 U. S. 88, 59 L. Ed. 142; United States v. Chemical Foundation, 272 U. S. 1, 71 L. Ed. 131; New York Dock Co. v. Steamship Poznan, 274 U. S. 117, 71 L. Ed. 955; Road Improvement Dist. No. 1 v. Missouri P. R. Co., 274 U. S. 188, 71 L. Ed. 992; Norton v. Larney, 266 U. S. 511, 69 L. Ed. 413; Mason v. United States, 260 U. S. 545, 67 L. Ed. 396.

did the Court pass on facts of the case as here suggested by Petitioner.

In Panama Railroad Company v. Napier Shipping Co., 166 U. S. 280, 41 L. Ed. 1004, a libel in personam to recover damages for injury to a steamer, this Court did not hold that the Petitioner was entitled to a review of a question not assigned as error by the petition for the writ. On the contrary, though the Respondents sought to limit the Court to consideration of the damages, the Court pointed out, at page 283, that "the petition for the writ of certiorari set forth the facts of the case, and claimed that upon those facts the libel should have been dismissed—making no claim whatever that error had been committed in the assessment of damages". This does not support Petitioner's suggestion, here made, that the Court will review alleged errors of law not assigned in the petition for the writ and that it will examine and analyze the facts agreed upon by both lower courts as would be necessary to decide this question of error not assigned.

In Cole v. Ralph, 252 U. S. 286, 64 L. Ed. 567, suits relating to conflicting mining locations, this Court said, at page 289, that "counsel have united in presenting to us all questions thought to arise upon the record". Thus, the whole case was before the Court, apparently by agreement of the parties that all points should be decided. Clearly this offers no support for the proposition that this Court will consider alleged errors not assigned in the petition.

The case of Lutcher v. Knight, 217 U. S. 257, 54 L. Ed.

757, contains no support for the theory that this Court will review questions not assigned as errors in the petition for the writ. It merely holds that this Court has the power to decide the whole case submitted. But owing to the special facts of this case, the case was remanded to the Court of Appeals for decision. Plainly the error passed upon was alleged in the petition for the writ. This Court said, at page 268, that it was "patent from the statement we have made that the only ground upon which the power to issue certiorari could have been exerted was the failure of the court below to consider the case before it". But in the instant cases, the ground sought to be reviewed was not the basis for the issuance of the writ at all. It was not even mentioned in the petition.

The case of Olmstead v. United States, 277 U. S. 438, 72 L. Ed. 944, was an exceptional case involving the question of "wire-tapping". In that case, the order allowing the writs of certiorari limited arguments to the question as to whether or not "wire-tapping" was in violation of the 4th and 5th amendments to the Constitution. Certain members of the Court were much impressed by the unethical aspect of obtaining evidence by wire-tapping and by the fact that it was a crime or misdemeanor in violation of a State law. Therefore, the Court stepped beyond the strict limits of the order granting the writ and decided these points.

However, the evidence as to these points was clear and undisputed and had a direct relation to the question of admissibility of the evidence, which was the broad question involved. Moreover, the Court recognized the great

public importance of the points involved and desired to avoid any misapprehension of its views as to such points.

But in the instant cases, this Court is asked to pass upon an independent question of law not raised by the petition and to analyze and overthrow a finding of facts concurred in by both lower courts. It is asked to decide whether or not this Petitioner has been guilty of fraud and unclean hands, which need not be decided in order to avoid misapprehension of the views of the Court or in order to determine whether the bills should have been dismissed as to all or only one patent. Petitioner might as well ask this Court to pass upon the validity and infringement questions involved in these suits. Clearly, the decision of the questions raised without assignment is not necessary to the question assigned. It is even more clear that no such question of public importance is involved as in "wire-tapping".

The case of United States v. Elliott, 3 F. (2d) 496, does not appear to be in point to the question here involved. However, the case does call attention to the limitations upon the writ of certiorari.

Errors in Main Brief for Petitioner.

There are certain erroneous statements in Petitioner's Main Brief which tend to present the picture of this situation in an untrue light. Though these errors may not seriously affect the single question raised by the petition, it is deemed advisable to call attention to some of them so that this Court may have a correct understanding of the facts.

Thus, Petitioner attempts to create the impression that its fraud was based merely upon the payment for an affidavit. But the Opinion by Judge Hahn shows that Petitioner's fraud was far more extensive.

The appeal from Judge Jones in the Byers rehearing matter was dismissed because it was not in proper form. Counsel for the Byers Company apparently thought no formal appeal was necessary and merely sent the papers in the case to the Court of Appeals on the theory that the Court of Appeals had never surrendered jurisdiction of the matter. However, the defendants in the Byers case have again appealed and, according to our understanding, they are now in the Court of Appeals. Also the Memorandum on Petition for Rehearing by the Court of Appeals in the instant cases calls attention to the fact that it is not barred from considering this matter at a later date (R. V. V, p. 159).

Petitioner seeks, by quoting a meager portion of the Court's Opinion, to create the impression that the Court of Appeals arrived at its conclusion by implications. But the Opinion of the Court of Appeals and its Memorandum on Petition for Rehearing, both in the instant cases, made it clear that the evidence conclusively established fraud and "unclean hands".

Petitioner says that the Court of Appeals thought the wrongful conduct on the part of Petitioner related only to one of the patents in suit. But the Court of Appeals in its Memorandum on Petition for Rehearing made it clear that the urging of the fraudulently obtained adjudication in these suits tainted all of the patents.

The bills of complaint plead conjoint use and not conjoint and several use as asserted by Petitioner. This is true both as to the bills and the supplemental bills.

In a footnote on page 12 of its Main Brief, Petitioner seeks to create the impression that the Joplin public use is only relied upon by Respondents to meet some of the claims of the Downie patent. But Respondents believe it clear that all of the claims of this patent which are in suit are invalid in view of this Joplin use.

Petitioner asserts, on pages 13 and 14 of its Main Brief, that Clutter, in his testimony in the Byers rehearing, admitted the evidence was not suppressed. But this is not true, even though a reference to the Byers rehearing testimony is out of place in these suits. As a matter of fact, Respondents have shown by the testimony of Mr. Fay, counsel for Byers, (R. V. II, p. 1041) that the testimony was suppressed.

At page 14 of its Main Brief, Petitioner says that all the courts ruling on the question have found that the Joplin evidence did not anticipate or otherwise invalidate any of the claims of patent 1,511,114. But Judge Jones is the only one who has ruled directly on this question. However, Judge Hahn, though he refrained from ruling on this question, out of deference to the Court of Appeals, made it clear that he thought the device of the Joplin use was an anticipation of the first Downie patent (R. V. II, pp. 1088-9).

Petitioner also says on page 14 of its Main Brief that the Court of Appeals did not find the evidence suppressed. This is incorrect as shown by the record and the Court's Opinion.

Petitioner says that Clutter is unworthy of belief but this is not so. The fact that Clutter was uncertain about the actual signing of the affidavit is an immaterial matter. In any event, the documentary evidence and the admissions of Petitioner's witnesses Downie and Elmire more than establish the guilt of Petitioner. Both Judge Hahn and the Circuit Court of Appeals concurred in this.

Petitioner purposely ignores the contract which it made with Clutter and lays great stress on the affidavit. It admits paying for the affidavit and then, without an iota of evidence in these cases to support the statement, it accuses Respondents of paying Clutter for his testimony. It is not necessary to dignify such a baseless charge by denial.

Much talk is made about preserving evidence by affidavit. But a contract to pay several thousand dollars to the chief witness of a public use, contingent upon the success of efforts to have held valid a patent which would be invalidated by the said public use, can hardly be termed preservation of testimony. Its inevitable tendency is to suppress the evidence of this witness.

Petitioner's Main Brief makes the claim that the contract which it made with Clutter was for the purchase of patent rights. But Downie admitted on cross-examination that he knew at the time of signing the affidavit that Clutter had no patent rights to sell (R. V. II, pp. 1024-1027). Yet he recognized the existence of this contract and operated under it for several years.

Downie claimed that Clutter, when first approached, led him to believe that he had patent rights but that

when he found out shortly afterward that Clutter had no patent rights, he still felt obligated to carry out the contract. In commenting on this, Judge Hahn said (R. V. II, p. 1091) "Anyone who had heard Downie testify over a period of time as this court did would not come to the conclusion that he would buy a 'pig in a poke', as his counsel argued to the court."

It is said on page 24 of Petitioner's Main Brief that Clutter's testimony is opposed to that of Elmire. But this is not so. Clutter is corroborated by Elmire, even though Elmire is employed by Petitioner and is its own witness.

Testimony of Oliver, the Notary Burdge, Smith and Downie in the Byers rehearing is of no avail here. It is immaterial whether or not their testimony opposes that of Clutter.

Petitioner refused to produce the documents brought to light at the second deposition of Clutter, although its counsel had agreed at that testimony session to do so. This made it necessary for Respondents to file a motion to produce. The motion was denied when Petitioner agreed in court to produce the documents at the time of trial (R. V. II, p. 1099).

Naturally, Petitioner did not put in writing, in so many words, the fact that Clutter was being paid to keep quiet. A person who sets out to defraud the courts by suppressing testimony always resorts to devious ways

and means. But the documents tell the story too plainly to be misunderstood.*

It is true that Petitioner repossessed the machines that had been sold to Clutter in June 1927. But before repossessing these machines, it substituted cash for the consideration of its contract with Clutter.

Petitioner calls attention to its letter of December 17, 1928 (Def. Ex. 40, R. V. III, p. 246) to Clutter and intimates that this letter was such as to antagonize Clutter, claiming this as proof that there was no agreement to suppress. But it is noteworthy that this letter contained the following sentence calculated to make Clutter feel that he might expect more money if he continued to keep quiet: "We made a contract with you, and we believe that that contract has been or **is being** correctly and properly discharged."

There is no evidence in the record of these cases which supports the statement that the Joplin public use was seen by thousands of people. Testimony of the witnesses in the Byers rehearing is of no avail here.

If the device was known to thousands of people, why was it necessary to get Clutter's affidavit and enter the contract with him? The answer is that he devised the

* It is desirable to study the exhibits relating to this issue in their chronological order. So arranged as nearly as possible they are as follows: Def. 95, 96, 97, 37, 98, 114, 99; Pl. 74; Def. 101, 113; Pl. 73; Def. 100, 41, 27, 102, 103; Pl. 75; Def. 104, 105, 106, 107, 108, 109, 38, 110, 39, 111, 40; Pl. 45, 46; Def. 112, 129, 65; an undated ledger account Def. 93 and 94. The dates of the Cleveland case are as follows: December 22, 1926, bill of complaint filed; September 15, 1927, Judge Westenhaver began the taking of testimony; testimony completed September 19, 1927. Judge Westenhaver died about July 30, 1928, after an illness of several months. His successor took office December 28, 1928. Judge Jones rendered his decision January 23, 1929. A final decree was entered January 31, 1929.

apparatus and was the main operator, who would naturally be interested in claiming credit. He was the key man.

Preservation of the affidavit, which attempted to distort the facts, does not negative suppression. It was obviously kept so that Clutter could be confronted with it if he ever took the witness stand. It was an integral part of the plan to suppress.

Disclosure to Petitioner's counsel does not negative suppression. The non-disclosure by Petitioner's counsel then became the act of Petitioner.

Downie's testimony in these cases should be disregarded, except as to admissions against interest. Judge Hahn made it clear that he was an untruthful witness.

The Court of Appeals said that Clutter was hostile to others as a natural result of the affidavit. Both of his depositions show (R. V. I, p. 572; R. V. II, p. 736) that he was testifying under subpoena.

The affidavit, which was prepared by Downie and signed by Clutter, was not in accord with the facts. It represented the Joplin device as a failure. But the testimony of Clutter and a number of corroborative witnesses show that the device was a success (R. V. I, pp. 572-607; R. V. II, pp. 609-613).

Judge Hahn did not say that Clutter was the only man who could testify as to the details of the Joplin machine. He did say that, if there was any invention in the Joplin machine, Clutter was the inventor and that "Clutter was the one man who could take the position and make an affidavit that the work at Joplin was an experiment and

that it had been abandoned" (R. V. II, p. 1094). However, Petitioner was not content to leave this question to the courts.

Judge Hahn did not grant the requested preliminary injunctions. But he did require Respondents to post bonds and he refused to pass on a number of matters because of the Byers Opinions (R. V. II, p. 1067). Furthermore, he insisted on knowing what evidence had been used in the Byers case to such an extent that Respondents did not have an independent trial (R. V. I, p 387).

CONCLUSION.

In view of the foregoing we submit that the decree of the Circuit Court of Appeals should be affirmed.

Respectfully submitted,

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APPENDIX.

The Main Brief for Petitioner goes beyond the scope of the petition for the writ and attempts to reopen the broad question of "unclean hands." The attention of the Court has already been called to this effort in preceding sections, wherein it has been shown that it is the settled practice of this Court to confine the Petitioner to the errors assigned in the petition for the writ and, also, to accept the concurrent findings of two lower courts in the absence of clear apparent error.

The major portion of Petitioner's argument as to this improperly raised question is contained in Appendix A of the Main Brief for Petitioner. The series of statements contained in this appendix presents such an untrue picture of the actual facts which led the Court of Appeals to hold that Petitioner had come into equity with "unclean hands" that it is deemed advisable to recite herein the principal facts which formed the basis for the concurrent Opinions of the two lower courts that Petitioner was guilty of fraudulent conduct and the decision by the Court of Appeals that Petitioner was guilty of "unclean hands."

It should be understood, however, that this recital of facts is not a waiver by Respondents of its contention that the broad question of "unclean hands" is not before this Court. Respondents still insist that Petitioner is limited to the contention that the bills of complaint should have been dismissed only as to one patent and not as to all, since this was the only error assigned in the petition for the writ.

The Facts Upon Which Court of Appeals Ruled "Unclean Hands" Existed.

Prior to January, 1921, the Petitioner was making a ditching and excavating machine under Clutter patent 1,317,431. The character of this machine is shown in Plaintiff's Exhibit No. P-1 (R. V. III, p. 91). The scoop of this machine had no drop bottom and was pivotally attached to the ditcher stick. This caused difficulty in unloading where it was desired to unload the spoil in the wagons standing nearby. There was difficulty in spotting the load, and the scoop often injured the sides and other parts of the wagon.

In the winter of 1919 and the early part of the year 1920 Bernard R. Clutter, a brother of the patentee of the Clutter patent in suit, was operating one of the Keystone Clutter-type machines in the excavation of a basement for the Joplin Supply Company building, at Joplin, Missouri. Bernard R. Clutter was then employed by Wallower Brothers, Contractors, who had the contract for the excavation of the basement. Bernard, or "Burn" Clutter, as he was known, was having the usual difficulty common to this type of machine in unloading into wagons. The machine was spilling the dirt over the sides of the wagons and was breaking the wagons, due to the fact that the scoop often struck the sides thereof when it was released and allowed to swing downwardly.

The contractors were not making much headway with this machine, and they were put to extra expense in cleaning up the dirt which spilled over the sides of the

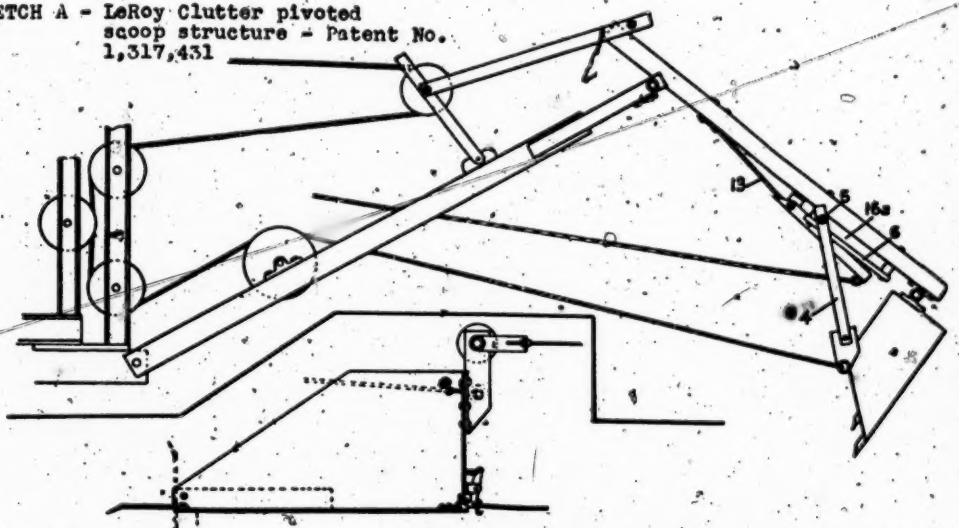
wagons. "Burn" Clutter told them he thought he could remedy the defects of this machine by having the scoop made rigid to the ditcher stick and providing that the bottom of the scoop should drop open in the unloading operation, instead of having the entire scoop drop as was then being done. The changes proposed by Clutter in the machine were conveyed to the officials of the Keystone Driller Company, who had a branch plant at Joplin, Missouri. These officials were of the opinion that this device of "Burn" Clutter's would not operate, because they said it would be impossible to close the drop-bottom of the scoop. The contractor, however, had confidence in Clutter and told the officials of the Keystone Driller Company to make the changes in the scoop that Clutter desired.

In order to save time, a type of scoop known as a skimmer scoop, which is used for skimming the ground in front of an excavator and which type of scoop is so designed that its bottom drops in unloading the dirt, was taken to the plant of the Keystone Driller Company at Joplin and rigidly attached to the ditcher stick of the Clutter-type machine then being made by the Keystone Driller Company. When completed, the scoop was held rigid on the ditcher stick and when it was desired to unload the spoil, the ditcher stick and scoop were moved to a point over the wagon and then by rope attached to a latch the bottom of the scoop was released and dropped downward, allowing the dirt to fall out through the bottom of the scoop. Clutter met the objection of the Keystone officials as to the closing

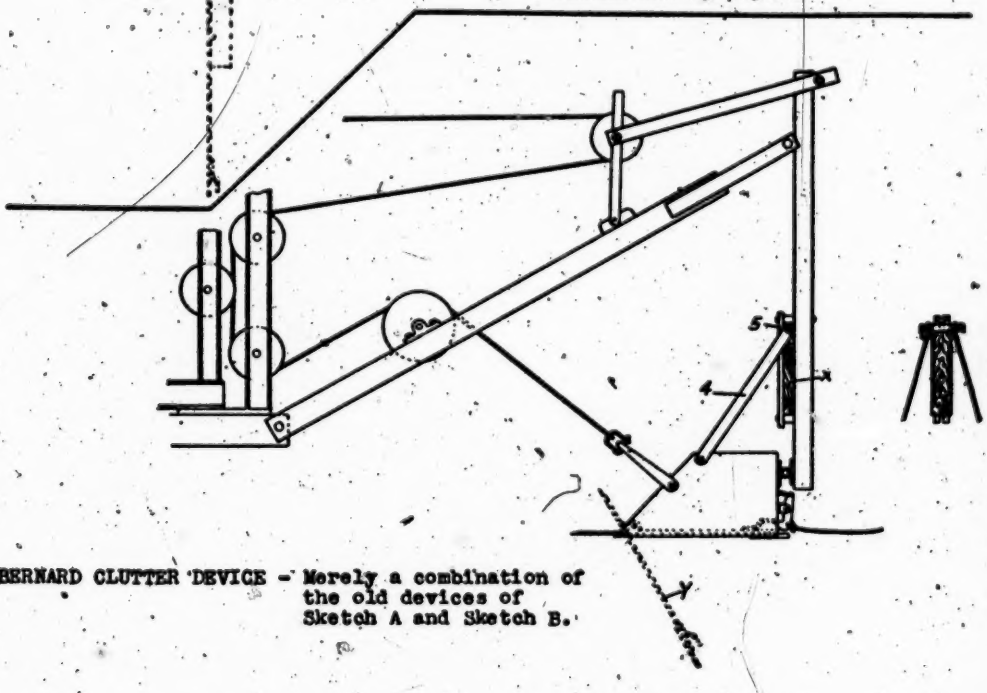
of the drop-bottom by the usual operator's trick of flipping or snapping the bottom shut.

This device was put into operation by Clutter at once and was used for a month or so until the basement was completely excavated. It proved to be a success. It eliminated the spilling over the sides of the wagon and no further trouble was had in breaking the sides thereof. The evidence shows that the device used by Clutter at Joplin, Missouri, in the winter of 1919 and 1920, contained and embodied all of the essential features of the device shown in Downie patent 1,511,114 (R. V. I, pp. 571-604; R. V. II, pp. 610-617) and is described exactly by most of the claims sued upon and substantially by the remaining few.

SKETCH A - LeRoy Clutter pivoted scoop structure - Patent No. 1,317,431



SKETCH B - Skimmer scoop of LeRoy Clutter Patent No. 1,107,899



BERNARD CLUTTER DEVICE - Merely a combination of the old devices of Sketch A and Sketch B.

What Bernard R. Clutter did at Joplin, Missouri, is illustrated on page 55 of this brief. In this illustration, sketch A shows the instroke ditcher of the Clutter type then being used at Joplin by Clutter and sketch B shows the Keystone skimmer scoop which was also owned by Wallower Brothers. Sketch C shows the improved device with the skimmer scoop of sketch B substituted for the pitching scoop of sketch A.

These sketches show that the skimmer scoop was secured to the lower end of the ditcher stick partly by the pivot structure 2 of Clutter patent No. 1,317,431. They show, however, that the braces 4 of this Clutter patent structure were also mounted upon the forward upper corner of the skimmer scoop with the pin 5 of Clutter patent No. 1,317,431 disposed in the guides 6 thereof. However, it will be noted that a wooden block X is so disposed in these guides as to prevent downward movement of the pin 5 in such guides and to thereby effect a rigid mounting of the skimmer scoop above the stick. The drop-bottom of the skimmer scoop is shown in open position at Y.

Clutter further said that he conceived the idea of using a rigid drop-bottom bucket on an instroke ditching machine in about 1916 but that he did not put this idea into use at that time because he was working for the Keystone Driller Company and did not want to give this company any rights in this idea.

The witnesses offered by Respondents, in corroboration of Bernard Clutter as to this Joplin development cannot be classed as mere casual observers unacquainted with

the subject-matter in question. On the contrary, they were men directly familiar with the subject-matter and men to whom this subject-matter was of important interest.* For example, Phil Culbertson who testified (R. V. I, pp. 586-590) was a salesman of excavators for the Keystone Joplin branch, at the time he witnessed this Joplin development. W. L. Culbertson (R. V. I, pp. 590-592) was assistant manager of the Keystone Company at the Joplin branch at the time he witnessed this development. Lysle L. Hazen was superintendent of the southwestern branch of the Keystone Driller Company, located at Joplin.

In addition to these three employees of the Keystone Company, these operations by Bernard Clutter were witnessed by John Cummings (R. V. I, pp. 592-596), who was a fireman on the machine operated by Bernard Clutter and who was also engaged in drilling and in shooting the limestone encountered. He was employed by Wallower Brothers, who had the contract for the Joplin Supply Company building. Herbert H. Wallower (R. V. II, pp. 610-617) was superintendent in charge of operations on the job in question. Max A. Elsner (R. V. I, pp. 596-598) was connected with the C. A. Dieter Construction Company, who had the general contract for the construction of the Joplin Supply Company building and who had let the sub-contract to Wallower Brothers.

The employees of the Keystone Company were thor-

* National Casket Co. v. Stolts, 157 Fed. Rep., 392, 393-394 (C. C. A. 2d); Sipp Elec. & Machine Co. v. Atwood-Morrison Co., 142 Fed. Rep., 149, 153, 154 (C. C. A. 3d).

oughly familiar with the subject-matter and were, in fact, engaged daily in handling and selling the Keystone instroke ditcher and the Keystone drop-bottom skimmer scoop which were combined by Bernard Clutter to produce his device. Of course, Cummings was interested and in a position to know exactly what happened. Wallower was certainly deeply interested, because his firm had money at stake. Elsner merely offered the necessary documentary evidence to prove the amount of work done and the payment for this work, as of a certain date.

The corroborating witnesses agreed that the Bernard Clutter device operated successfully at Joplin for a period of a month or six weeks in excavating a cellar under contract. The Keystone Company then procured a job for Clutter which took him out of the country from the summer of 1920 until the summer of 1921 (Clutter R. V. I, p. 580).

CLAIM 6 OF DOWNIE PATENT NO. 1,511,114 APPLIED TO THE BERNARD CLUTTER DEVICE

a. In an excavating machine, the combination of a boom mounted for up and down movements,

b. a scoop-carrying member pivoted to the outer end of the boom at a point between the ends of said scoop-carrying member,

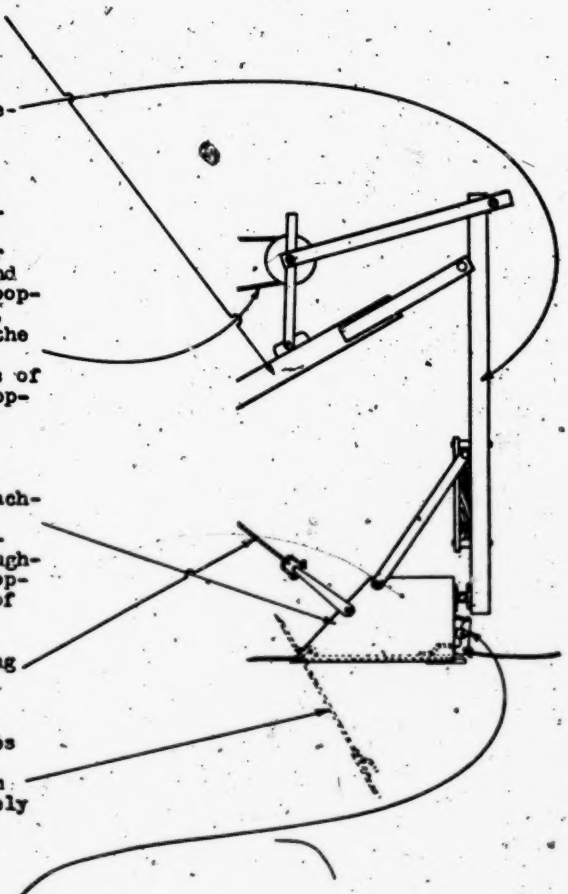
c. a hoisting line engaging a pulley connected pivotally to the upper end of the scoop-carrying member for controlling the up and down movements of the scoop-carrying member and boom, and in conjunction with the weight of the boom, for causing outward movements of the lower end of the scoop-carrying member,

d. a scoop attached to the lower end of said scoop-carrying member, the attachment of the scoop to the scoop-carrying member being rigid and fixed throughout the entire cycle of operation, the inward end of said scoop being open,

e. a hauling line for drawing the scoop inwardly,

f. a pivoted bottom for the scoop pivoted to the sides of the latter, the axis of movement of the bottom being arranged transversely of the scoop and located adjacent to the open end thereof,

g. and an automatically engaging latch means for normally maintaining the bottom in closed position.



Downie, the patentee of patent 1,511,114, testified that he learned of the public use by Bernard R. Clutter at Joplin, Missouri, as early as January, 1921. This was about six months before he filed his own patent application which became patent 1,511,114. While the Clutter public use device was actually constructed and operated by "Burn" Clutter between December, 1919, and March, 1920, Downie has testified that he did not conceive his alleged invention until the summer of 1920. Even as to this date of conception he has offered no evidence other than his own statement. At any rate, even by his own statement, his conception was months subsequent to the prior use of the device used by Clutter at Joplin, Missouri. Notwithstanding the information Downie had received about the public use by Bernard R. Clutter at Joplin, Missouri, Downie proceeded to file his application for patent.

The Downie patent issued on October 7, 1924, and suit against the Byers Company being in contemplation, doubt and uneasiness as to the effect of the Joplin use was revived. The evidence shows that in the early part of 1925, Downie made a voluntary trip to Lakewood, New Jersey, to interview Bernard R. Clutter. He was accompanied by Howard Elmire, one of the salesmen of the Keystone Company. This must have been sometime prior to February 11, 1925. (Def. Ex. 95, R. V. IV, p. 1297). They talked general and unimportant matters until Downie asked Clutter to step aside out of hearing of Elmire. (Clutter, R. V. II, p. 738; Elmire, R. V. II, p. 802).

When asked to relate as near as he could what took place when he and Downie went out into the yard of his home at Lakewood on this occasion, Clutter told the following story:

"Mr. Downie informed me that he wanted to talk over some business privately and that he didn't want anyone to know anything about it except he and I. I asked him what the nature of the business was and he said it was regarding that drop-bottom ditcher scoop that I had had made out at Joplin, Missouri. He explained that they, meaning the Keystone Co., I presume, or possibly he, Rex Downie, had a patent, I should have said had taken out a patent on a drop bottom ditcher scoop, and that I apparently had made or had had made the first one at Joplin, Missouri, and that I could cooperate with them in the protection of this patent. I told Rex that if I had had the first one made and put into use, that it was my invention, and not theirs, and that I could not see where they had any right to the patent. I don't remember all that was said, however after considerable jarring, over the proposition, Rex informed me that I did not have money to go into court and fight the Keystone Driller Company, which was a fact. However, he said if there had been a wrong done, let's get together and see if we can right the wrong. I asked him in what way that could be accomplished. He said that he had a proposition to make me if I could be willing to consider it, and I asked him what it was. He said that they would sell me a new machine at half price. As this was the only opportunity that I felt that I had, to realize off of my invention, I agreed to accept it. I asked Rex if we should go into the house and draw up a contract to that effect, and he said, 'No, not now.' He said 'Now that is the ticklish part of this thing.' That it was a question as to whether or not there could be anything drawn up in writing that would be of any advantage. He also said that

any papers to show that there was a deal existing between us might serve to invalidate the patent. He said that he would find out if there was any way that they could hold me and see me later. He also told me that I would have to sign settlement in full for the machine, and that they could later issue me a credit for the half interest, and that I would have to trust entirely to his honesty to carry out their part of the deal. He asked me not to say anything to Elmire or anyone else as to what his business was down in Lakewood." (R. V. II, pp. 738, 9.)

In further explanation, Clutter said (R. V. II, p. 739) that Downie explained to him that by cooperating with them in the protection of this patent, he meant that Clutter was to keep absolutely quiet in regard to his part of the invention and that a half interest in a new Keystone excavator was to be given him in consideration for keeping quiet and also as Downie expressed it "to right the wrong if there had been a wrong done."

The full price of a Keystone excavator was about $8,240.00. Clutter's half interest was equivalent of $4,120.00. Clutter also made it clear (R. V. II, p. 740) that the reference to his part of the invention related to the development which he had made at Joplin, Missouri. He accepted Downie's proposition and verbally ordered a Keystone excavator.

This verbal arrangement was made sometime prior to February 11, 1925, since, on that date, a letter was sent by the Keystone Company to B. R. Clutter (Def. Ex. 95, R. V. IV, p. 1297), stating that the company had received a letter from Rex Downie "in which he states that he has not definitely decided on the special consid-

erations and the exact details, but he states that if you want to place your order for the shovel before he can reach final conclusion, that we are to take your order on basis of initial cash payment of $500.00 and maximum time of eighteen months for the balance."

March 16, 1925, the Keystone Company wrote Clutter enclosing bill of lading and invoice for an excavator with certain attachments. (Def. Ex. 37, R. V. III, p. 239.) The excavator was shipped to Clutter in accordance with the above deal between him and Downie. (R. V. II, p. 740.) It may be noted that $8,240.00 is the amount of the invoice.

About April 16, 1925, Downie and Elmire again went to see Clutter. This time Downie had two papers ready for Clutter's signature. (Downie, R. V. II, pp. 1025, 1026; Elmire, R. V. II, p. 802; Clutter, R. V. II, p. 742.) Downie had prepared these two papers himself at his office before going to see Clutter. One was an affidavit and the other an agreement (quoted in full hereinafter). (Downie, R. V. II, p. 1025.) Clutter signed the affidavit but Downie did not ask him to sign the agreement, although he apparently took the greater part of the day in debating with himself whether he should have it signed. (Downie, R. V. II, p. 1025; Elmire, R. V. II, p. 804.) It is quite evident from a reading of Downie's cross-examination (R. V. II, pp. 1022, 1023) that he still thought, as he said to Clutter on the occasion of his previous visit to Clutter's home with reference to executing an agreement, "No, not now * * * Now this is the ticklish part of this thing." (R. V. II, pp. 738-9.)

Clutter testified (R. V. II, p. 742) that he signed the papers and requested a copy but that Downie said "that they couldn't have any copies out and that it was a question as to whether they could ever use the papers they had or not." Clutter had no recollection of reading the papers but understood that the purpose of having him sign them was "So that I could not interfere with them in their protection of the patent on the drop-bottom ditcher scoop." He identified "them" as Rex Downie or the Keystone Driller Company. As a matter of fact, he signed the affidavit but not the agreement and Downie did not give him a copy of either. (Downie, R. V. II, p. 1022; Elmire, R. V. II, p. 804.)

Clutter afterward bought a second Keystone excavator which is referred to in some of the exhibits in this case, but it has no relation to this suppression matter.

Although the testimony shows that both the affidavit signed by Clutter (Def. Ex. 113, R. V. IV, p. 1319) and the unsigned agreement (Def. Ex. 98, R. V. IV, p. 1298), were submitted to Clutter by Downie on the same day, the affidavit is dated April 16, 1925, and the agreement bears the penciled memo. date, April 11, 1925. This difference is immaterial since the affidavit was signed at about this time and the agreement, though not signed, actually went into execution, as indicated by subsequent correspondence. The memo. date on the agreement probably indicated the date on which Downie drafted it. (Downie, R. V. II, p. 1018.)

The Affidavit Signed By Clutter.

This affidavit is an interesting document. It was prepared by Downie (R. V. II, p. 1036) after the extensive investigation which he made during the period from 1921 to the date of the affidavit. From the patent angle, it constitutes an admission by Downie of the occurrence of the Clutter public use at Joplin and is strong corroboration of the testimony of Respondents' witnesses as to the structure of the device.

However, the affidavit is shown here for its bearing on the suppression of evidence.

Defendants' Exhibit 113.

(R. V. IV, p. 1319.)

Statement.

Date April 16, 1925.

To whom it may concern;

I, Burn R. Clutter, now residing in Lakewood, N. J. was employed by the Keystone Driller Co. of Beaver Falls, Penna., from 1914 until sometime in 1919. My work with said firm was that of salesman and demonstrator, and in the course of this work I became skilled in the operation of the Keystone excavator.

In December of 1919 or January of 1920, after I had left the employ of the said Keystone Driller Co., and while I was employed by the Orange Mining Co. of Joplin, Mo., in the capacity of Keystone excavator operator I assisted in the construction of certain two drop-bottom ditcher scoops.

I operated the excavator on the excavation for the basement of the Joplin Supply Company building on Third Street, Joplin, on which job the drop bottom ditcher was tried.

The device consisted of (1) a boom pivotally mounted for hoisting and swinging, (2) an I-beam ditcher stick pivotally attached to the outer end of the boom at a point on the stick about fifteen inches below its upper end, (3) a pair of sheave stands pivotally attached to the upper surface of the boom at a point near the outer end of it and carrying a sheave, (4) a hoisting cable extending from the machine and engaging said sheave, (5) a pair of links pivotally connecting the pin of the hoisting sheave with the upper end of the ditcher stick, (6) a scoop rigidly attached to the lower end of the stick having (7) a falling bottom pivoted to the sides of the scoop at a point near the open end of the latter and near the lower edge of the sides, and (8) a hauling line extending from the machine to the scoop for drawing it toward the machine.

Elements (1) to (5) inclusive and element (8), as listed above, were precisely the regular Keystone ditcher parts as manufactured by the Keystone Driller Co., under the L. P. Clutter Patent No. 1,317,431. The new contrivance consisted in rigidly fastening a scoop body, made after the pattern of the body of the Keystone skimmer scoop, to the lower end of the stick, providing for discharge by the use of a pivoted bottom.

Two scoops were made in order that one might be always available as a standby to insure against the delay of the job which might have resulted from the necessity for repair or revision.

Both scoops were in about the same stage of development when use as ditchers was given up. Both scoops were dismantled shortly after having been used on the Joplin Supply Co. job and were converted into skimmer scoops.

Experimentation was abandoned; and so far as I was concerned this was because of the extreme care required to make the device as a whole operative, especially the latching arrangement; and be-

cause I did not conceive the advantage of the dumping bottom to be of sufficient practical worth to justify the expense of the re-design and further experimentation which would have been necessary in my opinion to make the device commercially useful.

Bernard R. Clutter.

Subscribed and sworn to before me this 16th day of April, 1925.

John L. Burdge.

An impressive thing about this affidavit is the completeness of the description of the device referred to therein as being operated by Clutter on the Joplin Supply Company building.

This established conclusively that there was nothing new about this skimmer scoop. The meticulous language of the affidavit shows that the structure used at Joplin was well understood by Downie and that the scoop used by Clutter was a copy of the Keystone skimmer scoop or a Keystone skimmer scoop itself, as is testified to by practically all of the witnesses of the operation at Joplin.

Agreement Between Burn R. Clutter and the Keystone Driller Company.

Defendants' Exhibit 98 (R. V. IV, p. 1298) reads as follows:

Memorandum.

This is to witness agreement made this day between the undersigned parties, Burn R. Clutter and the Keystone Driller Co.

1. Burn R. Clutter, for the consideration named below, hereby conveys, to the Keystone Driller Co.

all right, title or interest that he may now have or may later acquire, as inventor or co-inventor, in that certain pivoted bottom ditcher scoop contrived by himself, or by him and Herbert Wallower, and which was built at a shop in Pittsburg, Kansas and tried out on one or more Keystone excavators at Joplin, Mo., during the period of November and December, 1919, and January, February and March, 1920.

2. In consideration of the above the Keystone Driller Co. hereby conveys to Burn R. Clutter a one-fourth ownership in that certain Keystone excavator with equipment as furnished to him under contract-lease dated February 28, 1925.

3. In further consideration of above the Keystone Driller Co. hereby agrees, subject to the time limit contained in fourth paragraph hereof, to convey to Burn R. Clutter a like additional one-fourth interest in said excavator and equipment, in the event and upon the occurrence of any one of the following three contingencies, namely, (1) if and when U. S. Patent No. 1,511,114, issued Oct. 7, 1924, for "improvement in EXCAVATING MACHINES" shall have been declared by any U. S. district court, valid in claim as worded in Claim No. Six* as issued; or (2) if and when any of the claims of the said Patent No. 1,511,114 shall have been declared by any competent court, valid to the extent of securing to the owner of said patent the sole right to make and sell a machineward moving ditcher scoop having a pivoted bottom; or (3) if and when, due to action based upon the said Patent No. 1,511,114, or any other patent owned by the Keystone Driller Co., or due to any threatened action by the Keystone Driller Co. the said Company shall have enjoyed for an unin-

*An interesting thing about this matter is that Claim 6, mentioned in this agreement, was emphasized in Petitioner's briefs in the Byers case (Pl. Ex. P-76) and was especially selected as typical by the Court of Appeals in the Byers case, 44 F. (2d) 283, at page 285. It is even more interesting that Claim 6 reads flatly upon the device used by Bernard Clutter at Joplin.

terrupted period of one year the sole manufacture and sale, in the United States, of a machine ward moving ditcher scoop having a pivoted bottom.

4. It is agreed that the payment of one-fourth of the price of the machine and equipment named in second paragraph shall be suspended only until two years from date hereof, in anticipation of the possible occurrence of one of the contingencies named in the third paragraph, and that if at that time none of the contingencies named shall have occurred then the third paragraph hereof shall definitely lapse and the suspended one-fourth part of the price shall at once become due and payable in money.

Signed at....., this.....day of ....., 1925.

.....
.....

Witnesses of both signatures:

.....
.....

It is to be noted that the affidavit and the agreement are utterly inconsistent with each other, though it will be found that they had a common purpose. The one shows that Clutter had nothing to sell; the other assumes that he had something to sell for which he was to be paid some $4000.00. It is not strange that Downie was in a quandary about having the agreement signed. He compromised by not having the agreement signed and by not giving Clutter a copy of it, but by acting under it for several years.

Downie Knew, at the Time He Made This Agreement With Clutter, That Clutter Had Nothing to Sell But His Silence.

Downie admitted, under cross examination, (R. V. II, p. 1022) that he knew at the time of the execution of the affidavit and of making the agreement that Clutter had nothing to sell. He uses the following language:

> "Clutter then advised me point blank that he did not really have an application in the patent office; and I had learned from counsel in the meantime that if he had not yet applied, he had no right to apply, because the work had occurred too far before; and therefore there was no object, from my view, in having Clutter execute the agreement."

When asked whether or not Clutter wanted the agreement, (Defendants' Exhibit 98), executed, he made the following answer:

> "As I said, there was nothing that Clutter was to do that he had not already done theretofore in respect to his rights there at Joplin, if he had any; and therefore there was no reason, from our viewpoint, why he should sign it, so it was a mere matter of going ahead on our part. In other words, there was no further consideration from Clutter coming to us: it was all a matter of what we might owe Clutter on account of my original deal."
>
> "Q. You say Clutter had already done what he was to do; what was that?" "A. Execute the affidavit."
>
> "Q. Clutter had not received what he was to receive for doing that, had he?" "A. No, sir, he was to receive this quarter credit."

* * * * * * * * * * * * * *

"Q. One-quarter direct and one-quarter contingent?" "A. One outright and one contingent."

* * * * * * * * * * * * * *

"Q. He was interested in getting something for it?" "A. Yes, sir." (R. V. II, p. 1023.)

Downie says clearly that the credits, amounting to approximately $4000.00, were given Clutter for signing the affidavit. In the next breath, and in the face of his acknowledgment that he knew Clutter had no rights whatever of the nature indicated in paragraph 1 of the agreement, he says these rights, which he knew did not exist, were the consideration for the credits. The preposterous part about the matter is that Downie claims he felt obligated to give these credits of approximately $4000.00 to Clutter, in spite of the fact that Clutter actually had no rights and had misled him about this fact. Thus, Downie says:

"Q. And so, upon the basis of that understanding which you secured from him that he had something, you had told him you would give him $4000.00 for the two things; and then when you found out he had misled you, he had been evasive with you, that he had not told you the truth about his patent rights, nevertheless you were still going to give him the $4,000.00 if he signed the affidavit?" "A. The mere fact that I found I had been misled by him does not relieve me from meeting my half of the bargain." (R. V. II, p. 1027.)

Downie further testified that he recognized the contract as being in force, "as modified from time to time," for some years after 1925. (R. V. II, p. 1029.)

For the sake of brevity we have quoted only a small

part of Downie's cross-examination. The reading of the entire cross-examination would show more clearly how evasive and inconsistent he was in his attempted explanation of the purpose and effect of his deal with Clutter. (R. V. II, pp. 1017-1039.)

In furtherance of its efforts to keep this transaction secret, Keystone Company took a chattel mortgage from Clutter on this first machine (Def. Ex. 101), for $7740, showing allowance only for a cash credit of $500 under date of April 14, 1925 (Def. Ex. 99; R. V. IV, p. 1299). It was prepared on April 14, 1925, but was not filed until June 13, 1925. Rex Downie made affidavit that $7740 was due therein.

Here was the deliberate signing of a false oath for the purpose of concealing these credits which had even been embodied in the original agreement (Def. Ex. 98; R. V. IV, p. 1298), before the filing of the chattel mortgage and which had been arranged for before the machine was shipped.

Another significant link in this campaign of concealment is provided by the fact that the credit for which Downie arranged with Clutter, as early as February 11, 1925, was not entered on the books of the Keystone Company until December, 1926 (Downie, R. V. II, p. 1001). F. W. Ransom, former assistant general manager of the Keystone Company (R. V. II, pp. 769, 770), says that he talked with the treasurer of the Keystone Company, Mr. Smith, in December, 1926, at Beaver Falls, regarding Clutter's reason for withholding payment on his account and asked Smith if he knew anything about the

credits claimed by Clutter. They then called in Downie who said he had given Mr. Smith a memorandum on the matter. Smith then found the memorandum, which Ransom thought was for $1,000, and said that he had not made the credit on the books because he understood the credit was not to be made until a suit, then pending, was decided. Mr. Ransom further testified (R. V. II, p. 769) that Clutter never questioned the Keystone account but claimed he had a credit due him which they did not have on their books and repeatedly stated that Rex Downie knew about this credit that should be given him on his account.

Defendants' Exhibit 102 (R. V. IV, p. 1300) is a letter from the Keystone Driller Company, dated March 16, 1926, to B. R. Clutter, with an enclosed notice from the Peoples National Bank of Lakewood, New Jersey, showing the default by Clutter on a note for $425 and interest. When we couple this default with the Keystone letter to Clutter of February 11, 1925 (Def. Ex. 95; R. V. IV, p. 1297), and with the statement by Ransom that Clutter was repeatedly claiming that he was entitled to credits on his account and that Downie would know about these credits, it is absurd for Petitioner to claim that Smith, who was treasurer of the company, and who was in the same office with Downie, general manager of the company, could have mislaid this memorandum of credit, except by deliberate intent. It is obvious that Ransom gives the correct explanation when he says that Smith "understood the credit was not to be made until the suit then pending was decided."

Defendants' Exhibit 103 (R. V. IV, p. 1301), a letter from the Keystone Company, dated January 15, 1927, to Clutter, shows a cancellation of four of Clutter's notes, "due respectively in September, October, November and December of 1925, the amount of all being $1700." This letter also says, "It is the writer's understanding that, in case of the successful issue of our litigation, there will be a further credit. This, of course, cannot be given until the cases have been decided."

As a matter of fact, there were other credits due Clutter at this time. The agreement (Def. Ex. 98; R. V. IV, p. 1298) provided for an immediate credit of one-fourth the value of the machine. Taking the purchase price of the machine, minus the attachments which were not received by Clutter, the credit due him was $1904. This device of crediting Clutter with $1700, instead of $1904, was clearly for the purpose of concealing the relation between this book-keeping entry and the agreement. Judge Hahn makes the following extremely pertinent comment upon this discrepancy:

> "There was method in not entering upon the books of the company this particular amount which might later suggest investigation which would uncover the Downie-Clutter transaction with reference to the excavator. Smith, the treasurer, did not testify upon this subject, although he was at the place of business of the Keystone Driller Company and was available." (Opinion, R. V. II, p. 1093.)

All of these bits of evidence converge and dovetail to show conclusively that the Keystone Company, under the guidance of Downie, was systemmatically endeavoring to conceal all evidence of this transaction with Clutter.

Agreement, Defendants' Exhibit 98, Remained in Force Several Years.

Under cross-examination, Downie testified (R. V. II, p. 1029) that the agreement remained in force for some years after 1925 "as modified from time to time." He could not deny this, because he engaged in extensive correspondence with Clutter. This correspondence tells the story clearly.

Repossession of Machine and Substitution of Cash for Credit Consideration of Agreement, Defendants' Exhibit 98.

Clutter became involved in financial difficulties and was not able to pay the Keystone Company much after March 16, 1926. (Def. Ex. 102; R. V. II, p. 743.)

Clutter testified (R. V. II, p. 745) that Downie and Howard Elmire again came down to see him and told him they would have to take the machine back unless he could raise the money immediately.

A new agreement was made between Keystone and Clutter, whereby the machine was to be repossessed by Keystone, and Clutter given, in lieu of his credits on the machine, a cash consideration. This cash consideration, however, was to be at least partially contingent upon the outcome of litigation, as set forth in paragraph 3 of the original agreement, and with paragraph 4 of the agreement, as modified to extend the time limit therein to the end of 1928, instead of its original termination date of April 11, 1927. (Def. Ex. 40; R. V. III, p. 246.)

This new agreement is admitted by Petitioner and established by Def. Ex. 39 (R. V. III, p. 244). However, Clutter's version of the interview which he had with Downie and which brought about this new arrangement is important, because it indicates that Clutter threatened Downie in such terms that, had Downie been innocent of wrong-doing, he would have immediately terminated all negotiations with Clutter, particularly since he had long known that Clutter had nothing to sell.

> "Q. Will you relate as nearly as you can the conversation you had with Mr. Rex Downie on this occasion near Roseland, N. J.?" "A. Rex informed me that they would have to take the machine back unless I could raise the money immediately, or a portion of it. I informed him that if he took the machine away from me that it meant that I would lose anything that I might realize from the patent on the drop-bottom ditcher scoop, and that if he did take the machine away that it was not going to do him any good. He said that he did not want me to feel that way about it, and I informed him that those were the facts and he could take it or leave it, and that eventually I could pay him every cent that I owed the company for that machine. He then offered to substitute a cash proposition instead of the credit proposition that I was formerly to have on the machine. His proposition was that they pay me half the amount of the anticipated credit in cash." (Clutter, R. V. II, p. 745.)

Downie's testimony (R. V. II, pp. 1003, 1004) about this interview agrees with that of Clutter in most important respects. He sought, however, to leave the impression that he was highly independent with Clutter. In fact, he said that he told Clutter in 1927 "that for all of

me or us he could put anything and everything he knew in as many newspapers as he liked." (R. V. II, p. 1004.)

The old Spanish proverb, "What you do, shouts so loud that I can't hear what you say," is directly applicable here.

Knowing, by his own admission, that Clutter had nothing to sell, he nevertheless agreed to give Clutter a cash consideration as a substitute for the credit on the machine and also extended the time limit of paragraph 4 of the agreement for about a year and eight months. (Downie, R. V. II, p. 1005.)

Downie Continued Attempt to Placate Clutter After Repossession of Machine.

The Keystone Company left the first excavator purchased by Clutter in his possession until shortly prior to August 11, 1927 (Pl. Ex. 75, physical exhibit). At the time of repossessing this excavator ten notes, of $425.00 each, were overdue, after the application of the credit of $1700 representing part of the first installment of the consideration due him. Downie was certainly very lenient in this respect.

January 9, 1928, Clutter wrote to the Keystone Company, attention Mr. Rex Downie (Def. Ex. 104; R. V. IV, p. 1303), that he was in dire need of funds. He called attention to the agreement by Downie to substitute "half the amount that was to be allowed on the first machine" and asked for help. On the back of the first page of this

letter, in Downie's handwriting (Downie, R. V. II, p. 1019) appears the following notation:

> "This goes
>
> This may refer to understanding that if K. D. should repossess both machines, and hence could not fulfill Par. 2 of contract by a machine credit, they would reduce the amount of Par. 2 by ½ and pay (if and when due) **in cash.** At least this was writer's intention and recollection of agreement (verbal) in regard to the point. R. D. Dec. 3, 1928." (Boldface type Downie's.)

This letter was acknowledged by Downie on January 18, 1928 (Def. Ex. 105; R. V. IV, p. 1309). Downie recognizes that the agreement is still in force and says, "as you know we have been extending the time within which the contingency may occur which would render the second installment or portion of the purchase price of your first machine due. * * * we certainly will fullfill the deal we made with you." And he is very apologetic for inability to do anything for Clutter at that time.

February 6, 1928, Clutter again writes to Downie, saying in part:

> "Now Rex the fact of the matter is that Bankrupt proceedings is pressing me very close right at the present time and this would be a nasty claim to try to explain in the Supreme Court which of course bankrupt proceedings comes under it would get a lot of publicity that we do not want in connection with this case. I am willing to make any concession that is within reason to get the thing cleaned up before anything happens which is likely very soon. Can you come out and see what we can do?" (Def. Ex. 106; R. V. IV, p. 1310).

That this letter was in the nature of a threat is recognized by Downie in his reply of February 16, 1928 (Def. Ex. 107; R. V. IV, p. 1311). Here was another opportunity for Downie and the Keystone Company to take a strong stand with Clutter on his demand for money. Instead, they sent him a check for $476 "leaving the second half of it, $476.00 cash, contingent upon the development of the ditcher situation."

Downie also suggests in this letter that there is nothing in this transaction that would need to be listed by Clutter among his assets in case of bankruptcy.

November 15, 1928, Clutter again wrote to Downie (Def. Ex. 109; R. V. IV, p. 1313) saying that he needed money very badly and asking that a check be mailed to him for the balance.

November 23, 1928, Downie replied (Def. Ex. 38; R. V. III, p. 243) that "the other half of the contingent cash credit was not to become payable until and unless our case should be satisfactorily decided by the end of 1928. No decision has been made as yet. The case drags for various reasons." He then goes on to argue that no money is due and ends by offering to come down and have "another shore dinner the next time we are in Jersey, and we will stick Elmire for the smokes."

November 28, 1928, Clutter again wrote to Downie (Def. Ex. 110; R. V. IV, p. 1313) explaining his view of the situation. December 4, 1928, Downie replied, on behalf of the Keystone Company (Def. Ex. 39; R. V. III,

p. 244), arguing his version of the matter in friendly and placating fashion, and saying:

> "The status of the affair at this point is that if any one of the three contingencies involved occurs before the end of 1928 there will be a payment of $476.00 due you from the Company; but your failure to have paid your account out causes Mr. Smith to object to the payment of this final amount even if it should become due, as it is common practice to offset one debt against another." (Next to last paragraph, Keystone letter; Def. Ex. 39; R. V. III, p. 244.)

December 13, 1928, Clutter wrote to Downie (Def. Ex. 111; R. V. IV, p. 1315) saying among other things that he was the original inventor and that this had been admitted by Downie in his voluntary act of coming to Clutter for settlement without any demand or request on Clutter's part. He requested that Downie "take a definite stand one way or the other, one that cannot possibly be misconstrued as meaning anything except just what you intend to do." December 17, 1928, Downie replied, on behalf of the Keystone Company (Def. Ex. 40; R. V. III, p. 246) saying, "We made a contract with you, and we believe that that contract has been or is being correctly and properly discharged."

The decree in the Byers case was made January 31, 1929. As shown by the correspondence, Downie continued up until that time his attempt to placate Clutter and keep him quiet, and it was not until about that time that the payment of any further consideration to Clutter was definitely refused.

Here was a scheme conceived and carefully followed

for several years. Its initial tangible result was a decision in the Byers case based upon fraud. But this was merely the first step. This decision, thus fraudulently obtained, was to be used as a weapon for clubbing the other alleged infringers into submission.

Petitioner Went Into the Toledo Court Against These Respondents With the Fraudulently Obtained Adjudication.

Final decree in the Byers case was entered January 31, 1929. The bill of complaint in these cases was filed February 9, 1929, alleging infringement of the first Downie patent, together with the Clutter patent and the second Downie patent. A copy of the final decree in the Byers case was filed with the bill of complaint, together with a copy of the Opinion of Judge Jones. At the same time, Petitioner filed a motion for preliminary injunction, and an order to show cause was entered by Judge Hahn. The motion was denied on June 6, 1929, though Respondents were each required to post a bond in the sum of $15,000 for the payment of all profits or damages that might ultimately be decreed against them respectively.

Thus, the Petitioner appeared against these Respondents with a motion for preliminary injunction, urging a prior adjudication which had been obtained by the fraudulent suppression of evidence.

Urging of the Fraudulently Obtained Byers Adjudication in These Suits Was Unclean Hands.

It is immaterial when the agreement between Petitioner and Bernard Clutter ceased to be in force. It is enough that it enabled Petitioner to fraudulently obtain the decision in the Byers case.

A more important thing is that Petitioner came into these present suits urging this decision, which it knew to be fraudulently obtained, and using it to restrict Respondents' right to independent consideration of the patents sued upon. That it did restrict Respondents' rights cannot be denied.

The decisions in the Byers case hung like a cloud over these cases. Judge Hahn's decision shows that he even refused to pass upon certain matters and he applied the rule that the decision of the Court of Appeals must be followed, except as to new matter not merely cumulative.

Obviously, a suit to enforce a fraudulently obtained decree of validity is as inequitable as a suit to enforce a fraudulently obtained contract. Otherwise, it would be safer to defraud a court than an individual. As a matter of fact, it is more iniquitous and, necessarily so, if the authority and integrity of the courts are to be maintained.

In Weegham v. Killifer, 215 F. R. 168, at page 173, the plaintiff was denied relief on the ground of "unclean hands" because the "actions and conduct of the plaintiffs in procuring the contract, upon which their right to relief is and must be founded, do not square with"

this fundamental doctrine of "Unclean Hands." In these cases, the Petitioner must be denied relief on the ground that its fraudulent conduct, first, relating directly to a patent sued upon and, second, in procuring the adjudication of validity in the Byers case and urging this fraudulently procured adjudication upon which they seek, in part, to base its right to relief, do not square with this fundamental doctrine.

In the Weegham case, the fraud was only on the defendant. In the present cases, the fraud was on the Court of Appeals, the Cleveland Court and the Toledo Court, as well as on the Respondents.

Effect of Suppression of Evidence Not Exhausted With Decision in the Byers Case.

The Petitioner urges that the suppression of evidence was exhausted with the decision in the Byers case, and attempts to show that this suppression of evidence was not connected with these present suits. However, the evidence shows that Petitioner kept the facts of this alleged prior use a closely guarded secret. (Siggers, R. V. II, p. 1055).

In its briefs before the District Court and the Court of Appeals in the Byers case, Petitioner told the Court that "Nobody before Downie had conceived how a dump bottom could be mounted and operated in an inward arc machine, * * *" (R. V. II, pp. 1064-65). The brief used before the District Court in the Byers case with these statements therein was also used, with supplementary typewritten sections, on the motions for pre-

liminary injunctions in the instant cases. It should be remembered that these things were done, in spite of the fact that Petitioner and its counsel had full knowledge of the prior conception and use by Bernard Clutter.

Even after Respondents had taken the Clutter deposition showing this fraud, Petitioner refused to allow Respondents to inspect the documents in its possession relating to this matter and forced the Respondents to file a motion to compel the production of documents. This motion was brought several months prior to the trial of these cases, and at the hearing of this motion on January 3, 1931, Respondents offered an affidavit of the patentee, Downie, which contained several misstatements of fact relating to this matter in an attempt to influence the District Judge against granting the motion of Respondents. The District Judge denied Respondents' motion to produce the documents but held that all of the documents should be produced at the trial. In his Opinion the District Judge comments upon the false statements in the affidavit of Downie (Downie affidavit, Defendants' Exhibit 129, R. V. IV, p. 1324).

The Circuit Court of Appeals of the 6th Circuit refutes the argument of Petitioner that the effect of the suppression of evidence was exhausted in the Byers case, stating as follows:

> "It is urged that even if the plaintiff wrongfully suppressed evidence, the effect of such suppression was exhausted with the decision of the Byers Case, and thereafter the opportunities to secure such evidence and the relationship of the parties were the same as if no such acts had been performed. Hence,

it is said, the wrongful acts, if any, were wholly disconnected with the present controversies and without that direct relation to them which is necessary to constitute a bar. * * * *

"But the necessary connection is not here missing. As long as it was thought desirable, in order to secure an adjudication upon the patent, the hope of reward for silence was held before Clutter. This was the act of the plaintiff as much as of Downie, its officer and moving spirit. The only possible effect of such conduct was to suppress Clutter's testimony, or, if the facts came to the knowledge of the defendant, to make him an adverse or unwilling witness. When the adjudication had been obtained, the plaintiff brought the present actions seeking by motion for an interlocutory injunction to avail itself of the advantages so obtained. Perhaps the necessary connection would have been lacking had the plaintiff elected to treat the patent as unadjudicated, or had based its action only upon the other patents in suit. This we need not decide. It is enough that neither of these courses was pursued, and that the wrongful conduct was in regard to, and directly connected with, one of the matters in litigation, the patent, not simply as a patent, but as an adjudicated one." (62 Federal Reporter, 2d Series, p. 48, at p. 50).

In the Circuit Court of Appeals the Petitioner made the contention that neither in the Byers case nor in the present cases was there any obligation upon it to make disclosures of those possible prior uses which might effect the validity of the patents which it owned. To this argument the Court of Appeals stated as follows:

"This is true; but there was an obligation, in all righteousness and good conscience, not to do that which was done—not to build up a defense against the supposed prior use by buying an affidavit phrased as the plaintiff wished it to be phrased, and

possibly not in strict accord with the facts, by purchasing Clutter's silence, or at least making him an adverse witness for others, and by continuing the effectiveness of this course of action by making future gain contingent upon a favorable result of the pending action until the very advantage which it was intended should be obtained was at last secured.

"Under the above-stated principles we are of the opinion that the plaintiff should have been denied relief in a court of equity." (62 F. R. 2nd p. 48 at p. 50).

The Court then dismissed the Petitioner's suits herein on the grounds of "unclean hands."

Respectfully submitted,

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